

PEOPLE
Battle to Survive
Evils as Boy Turns

The Global Newspaper
Edited in Paris
Printed Simultaneously
in Paris, London, Zurich,
Hong Kong, Singapore,
The Hague and Marseille

Herald Tribune

Published With The New York Times and The Washington Post

No. 31,922

ZURICH, TUESDAY, OCTOBER 8, 1985

ESTABLISHED 1887

U.S. Sharply Limits Israelis Role in World Court Kill 4 Suspects

By Bernard Weinraub
New York Times Service

WASHINGTON — The Reagan administration announced Monday that the United States would formally cease to recognize the authority of the World Court except in nonpolitical cases.

The move redefines and sharply limits the U.S. role in the World Court, officially called the International Court of Justice. Officials said the United States would continue to deal with the court on "mutually submitted" disputes involving commercial, legal or border problems with other nations.

The announcement said that Secretary of State George P. Shultz had sent Javier Pérez de Cuellar, the United Nations secretary-general, a formal notice of termination of U.S. acceptance of the compulsory jurisdiction of the 15-member International Court of Justice, based in The Hague.

"Our experience with compulsory jurisdiction has been deeply disappointing," said a State Department statement, announcing the decision by President Ronald Reagan.

Termination of that U.S. acceptance, agreed to by President Harry S. Truman in 1946, will be effective in six months, the State Department said.

The State Department said U.S. acceptance of the court's jurisdiction remains strong and the action "does not signify any diminution of our traditional commitment to international law and to the International Court of Justice in performing its proper functions."

"The objective of the ICJ to which we subscribe, the peaceful adjudication of international disputes, were being subverted by the effort of Nicaragua and its Cuban and Soviet sponsors to use the court as a political weapon," it said.

This was a reference to a case brought by Nicaragua against the United States that is now before the court, in which Nicaragua alleges that the United States controls and directs Nicaraguan rebels in violation of international law.

The case, which grew out of the mining of Nicaraguan harbors, marked the first time that the court had been asked to intervene in a current armed conflict. The United States initially argued that the court lacked jurisdiction in the matter, and then in January Mr. Reagan decided to withdraw from the case.

U.S. officials maintain that the composition of the 15-judge court, a United Nations agency that sits at The Hague, is essentially hostile to the United States. Many member nations, including the Soviet Union and Cuba, have failed to accept the tribunal's jurisdiction in political matters.

One U.S. official pointed out that the majority of the 158 nations technically under the jurisdiction of the court have placed limits on its authority.

U.S. officials say that Washington will adhere to the court's rulings in commercial and other cases in which it and other governments mutually submit their disputes.

Last October, for example, the court settled a 40-year-old territorial dispute over fishing rights between Canada and the United States.

Officials said that as far as they knew the move to limit the U.S. role in the court did not require congressional approval.

The American judge on the court, Stephen M. Schwebel, probably will be unaffected by the decision. Other countries that do not recognize the court's jurisdiction in political disputes also continue to have judges sitting on the panel. Similarly, U.S. financial support of the court is not expected to change. The court has no enforcement powers.

In 1984, the administration announced it would not accept the court's authority in disputes involving Central America for the next two years. Under the terms of the April action, the United States was obliged to inform the court six months before the two-year expiration if it wanted to withdraw from the court's compulsory jurisdiction.

Administration officials suggested that if the United States did not take its action, other Third World countries could start highly publicized cases against it before the court.

Administration officials note that when President Truman accepted the compulsory jurisdiction of the court, he did so on the assumption that other nations would follow suit.



Burned cars littered streets in the Tottenham section of London on Monday.

London Police Warn They Will Use Gas, Plastic Bullets Against Rioters

By Edith M. Lederer
The Associated Press

LONDON — Police warned Monday that they may be forced to use tear gas and plastic bullets against rioters following urban violence in which one policeman was killed and 232 were injured.

Twenty civilians also were hurt as more than 500 youths, some armed with shotguns and machetes, fought police Sunday night and Monday morning in the racially mixed north London district of Tottenham.

The London police commissioner, Sir Kenneth Newman, said that he sent officers armed with plastic bullets and tear gas to Tottenham at the height of the violence but that the riot was successfully contained without using them.

"But I wish to put all people of London on notice that I will not shrink from such a decision should I believe it a practical option for restoring peace and preventing crime and injury," he said.

British police have never used plastic bullets in riots outside Northern Ireland and tear gas has not been used since the 1981 riot in Liverpool.

Sir Kenneth said that the riot, the fourth major outbreak of urban violence in a month, was the first in England in modern times in which guns were used and a police officer was killed.

Douglas Hurd, the home secretary, said that he fully supported the use of plastic bullets "if police find themselves being attacked by petrol bombs."

He said that the possibility of using water cannon in future disturbances was being evaluated.

Clausen Says World Bank to Expand Lending

By John Burgess and Hobart Rowen
Washington Post Service

SEOUL — The president of the World Bank, A.W. Clausen, said Monday that the bank now had political backing from all major nations for an expansion of lending that would probably require a general capital increase within two years.

His statement here came after James A. Baker 3d, the U.S. Treasury secretary, said before an influential financial advisory body that "resources should be made available" if the demand for loans rose past the World Bank's ability to provide them.

Mr. Clausen said that the World Bank's present resources could sustain lending as high as \$14 billion a year, compared with the current \$11.5 billion in lending, but that more capital probably would be needed starting in the fiscal year that ends June 30, 1987.

"We are going full throttle at the moment and will be for the foreseeable future," he said.

His remarks came after expanded lending was given formal endorsement at a meeting of the development committee, a panel of 22 finance officials that advises both the bank and the International Monetary Fund.

The World Bank and the IMF formally open their annual meeting Tuesday in Seoul.

The World Bank makes long-term loans for development projects. The IMF makes short-term loans to nations with credit problems and helps them arrange loans with commercial banks by fixing conditions for economic reform.

The United States is the main contributor to both institutions.

In other conference action, the development committee and the IMF's interim committee endorsed the use of a \$2.7-billion trust fund, which is accumulating with the IMF, for balance-of-payments loans to the poorest countries.

China and India have agreed not to draw on the fund, which would have much of it available for the nations of sub-Saharan Africa.

On Tuesday, Mr. Baker is to address the conference and give details of a much-publicized initiative on the world debt crisis.

[Mr. Baker was to propose that Nigerians are debating a possible IMF bailout. Page 2.]

UN Vote Aids Bourguiba, U.S. Says

By Bernard Gwertzman
New York Times Service

WASHINGTON — The Reagan administration decided not to veto a United Nations Security Council resolution condemning Israel for its attack on PLO headquarters outside Tunis because of intelligence warnings that a U.S. veto might lead to the overthrow of the pro-Western Tunisian government by Libyan-backed mobs, according to administration officials.

After criticism from Israel and American Jewish organizations over its decision to abstain on the vote Friday night, the administration moved Sunday to explain its position privately to Israel and others. The Security Council voted, 14-0, to condemn Israel for its attack last Tuesday.

Secretary of State George P. Shultz telephoned Foreign Minister Yitzhak Shamir of Israel, who was in New York, to assure him that the United States remained committed to strong action against terrorists.

He also told Mr. Shamir the United States agreed that the Israeli attack on the Palestine Liberation Organization headquarters was a legitimate act of self-defense against a series of PLO-ordered terrorist acts, Israeli and U.S. officials said Sunday afternoon.

Mr. Shultz authorized the Israelis to make his comments public.

The administration decision to abstain caught the Israelis and American Jewish groups by surprise. They had earlier praised President Ronald Reagan for his support of Israel. But on Sunday, several groups issued statements critical of the administration for its action.

The decision not to veto the Security Council resolution was made late Friday night by Reagan, shortly before the council was to vote on the Tunisian complaint, a White House aide said.

He said that although there was considerable sympathy by Mr. Reagan and other high officials for the Israeli action, there was overwhelming information suggesting that if the United States vetoed the resolution it would provide Libya with an emotional issue that could send leftist student and other groups into the streets, possibly to destroy the U.S. Embassy, and perhaps to overthrow the government of President Habib Bourguiba.

For several months, U.S. officials (Continued on Page 7, Col. 1)



A VICTORY MARCH — Anibal Cavaco Silva leading his wife through a cheering crowd after his Social Democratic Party finished first in the Portuguese elections. No party won a majority, and a minority or coalition government appeared likely. Page 6.

Economic Horizons in East Asia Are Broadening

The writer recently completed a four-year assignment in East Asia for The New York Times, as a correspondent based first in Tokyo and then in Manila.

By Steve Lohr
New York Times Service

TOKYO — Cheung Oi Kwan remembers her childhood in a one-room farmhouse in the New Territories of Hong Kong. If you wanted to take a bath, she recalls, you had to trek to a distant public fence, fill a pail and carry it back.

Today, the 26-year-old woman lives with her husband and two children in a high-rise building a short distance from where the farmhouse stood. Their two-room apartment is crisscrossed by Western standards, but it is equipped not only with indoor plumbing but also with a refrigerator, gas stove, electric rice cooker, television, telephone and stereo. Although she never finished grade school, she expects that her son and daughter will both receive college educations.

In Singapore, Teo Kok Eng stands at the edge of a community trading pit. Above the din, the 27-year-old trader says: "If you are good, you can become very rich doing this. And I plan to be rich."

In Tokyo's Akihabara district, a sprawling electronics bazaar, Yasushi Kameyama, 20, an engineering student, paws knowledgeably through a bin of computer chips at one of the many small shops. Having come to Akihabara since he was 12, he now assembles his own computers and writes his own software.

He hopes to take a career path far different from the traditional Japanese dream of joining a big company and staying there for life. "I want to start my own company," Mr. Kameyama says. "I want to be an entrepreneur."

That is economic growth talking, and these three individuals are its human face. They embody the sense that things are getting better, opening new opportunities, new horizons for ordinary people.

After four years spent living and reporting in much of the Asian side of the Pacific Basin, a journalist leaves with the singular impression of a region in ascent, of the voices and images of rising prosperity and expectations.

In this vast region, there are, of course, exceptions to the trend of increasing wealth: notably, the Philippines. Then, too, there are special cases such as Australia and New Zealand, two nations loosening their traditional ties to Britain and Europe and linking their economic futures more closely to East Asia and the United States.

Still, the generalization holds. Despite fits and starts, setbacks and exceptions, life is becoming materially better in this part of the world. And the political, social and international consequences of economic growth are evident.

For the most part, the countries in the Asian Pacific are not giving foreign bankers sleepless nights. From this part of the world, rarely heard are the strident strains of Third World nationalism, with its perceived demons of American imperialism and multinational corporations and its demands for global redistribution of wealth.

Instead, the countries of this region are most interested in keeping world markets open to their competitive prowess. They do not want a new deal, just a fair deal.

The core of the region's dynamism is East Asia, dominated by Japan and dependent on U.S. markets to absorb the goods streaming from these export-driven economies.

Sometimes, the economic advance is forcing political change. In South Korea and Taiwan, for instance, development has fueled internal demands for political liberalization, which must eventually be accommodated.

"You can't have a modern economy coupled with the stone-age political system," one Seoul executive observed. "The pace will be measured, but some loosening of the political reins is inevitable."

Now, to be sure, anxiety is the mood of East Asia. Growth rates have fallen off sharply for most of its economies, and the United States, the region's lifeblood, is threatening to enact protectionist legislation.

For the so-called Four Tigers — South Korea, Taiwan, Singapore and Hong Kong — a slowdown tends to be defined as annual growth at less than a double-digit rate. Japan, for its part, still ranks as the top performer in

(Continued on Page 7, Col. 4)

In U.S. 'Rust Belt,' Towns Cut Fat by Closing Down

By Lindsey Gruson
New York Times Service

CLAIRTON, Pennsylvania — Deeply in debt and with less than \$1,000 in its bank accounts, this steel-making city laid off its entire 14-member police force and 10-member fire department in early September.

"We've cut the fat to the bone and now we have to cut essential services," Mayor Daniel Pastore said. "We're broke. But what's the point in filing for bankruptcy? You've got to pay your bills anyway. We've got to show the banks we're doing something and then they'll talk."

In an attempt to balance its books and persuade the banks to renew its line of credit, Clairton has, in the words of one official "closed the city." It has laid off its five-member clerical staff and turned off many streetlights. It is selling city-owned property and has all but stopped repaving streets.

The financial problems that have overtaken Clairton, a town of 12,000 people situated 15 miles (24 kilometers) south of Pittsburgh, are common to municipalities in the part of the United States that has come to be known as the Rust Belt. Like Clairton, many are insolvent and have had to slash services.

McKeesport, which has a projected \$700,000 operating deficit, has laid off five police officers and two clerical workers. West Homestead has laid off nine of its employees in its public works department.

West of Pittsburgh, in Ohio, Mingo Junction has reduced the work day to six hours for the 46 full-time city employees and has laid off 125 summer employees. Other layoffs are likely, as is a 15-percent pay cut for all city employees.

"It's a bleak picture," said Charles W. Bartsch, a policy analyst with the Northeast-Midwest Institute, a Washington-based center for economic and environmental research. "Many of these towns aren't going to make it. They're going to have to go through bankruptcy and let the chips fall where they may."

The municipalities' financial problems grow out of the severe depression that in recent years has savaged the American steel industry, putting more than 700,000 persons out of work in this once prosperous region.

Steel companies — hurt by the strength of the dollar, which has made imported steel less expensive, and bypassed by the economic recovery — have closed one mill after another.

The plant closings have reduced the property tax base, the main source of revenue for most of the towns. Despite sharp tax increases, municipal income has plunged just as record unemployment is creating extraordinary demands for services.

In the last five years, for instance, Clairton's total revenue has dropped to \$2.4 million from \$3.1 million. Income plummeted even though the city raised taxes to the legal limit and imposed higher service fees, according to city officials.

The single largest reason for this decline was the loss of revenue from the U.S. Steel Corp., whose plant sprawls along one entire side of the city. In the last two years the company's total payments to the city have declined by nearly 50 percent, to \$3 million, city officials said.

Like Clairton, many steel towns expected the lack of money to be short-lived. They had become accustomed to the cyclical nature of the

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Nelson Mandela, the imprisoned nationalist, does not have cancer, a South African official said. Page 2.

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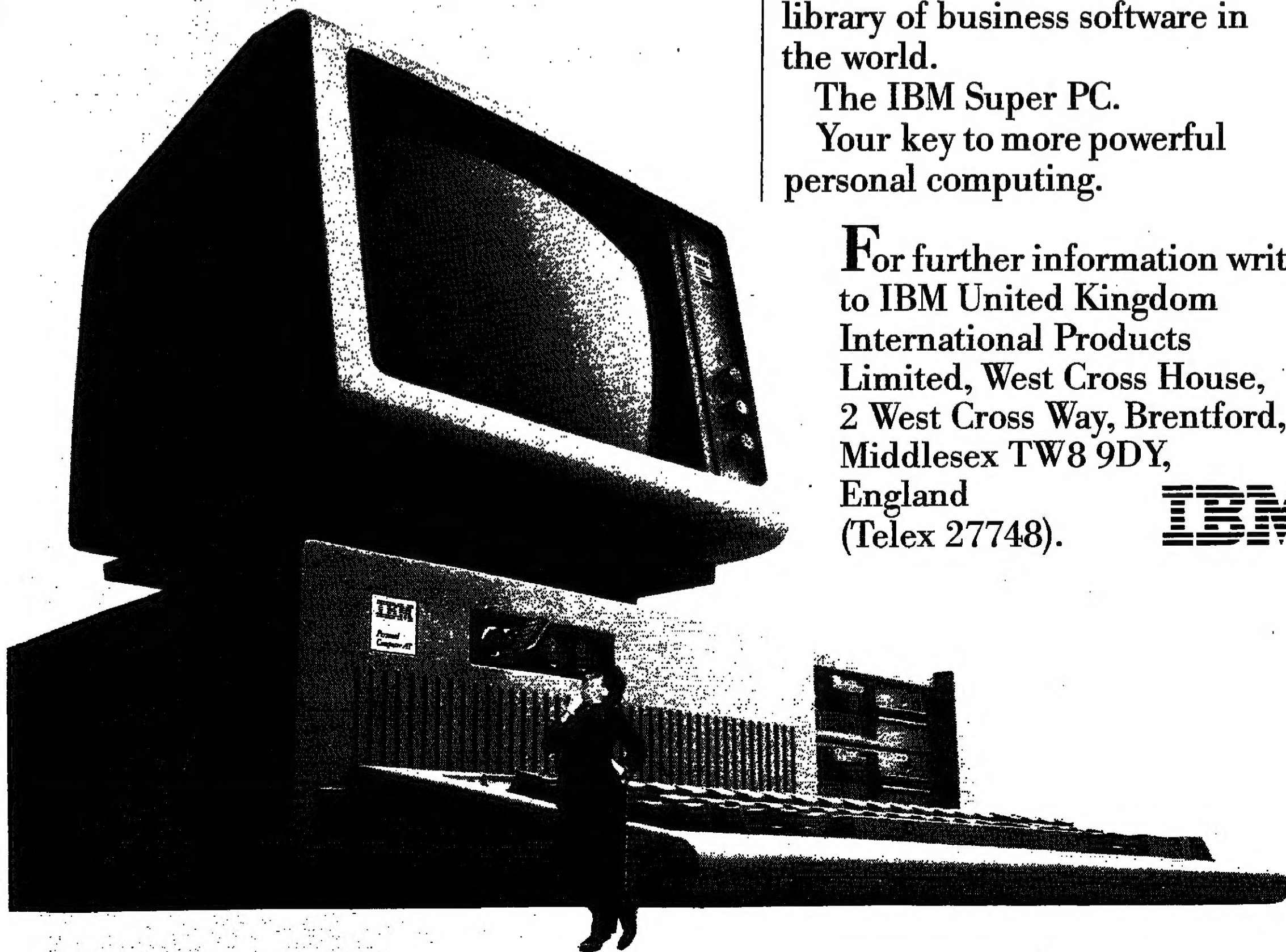
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By Sidney Hook

THEY THINK THIS IS FANTASY...

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program on what it calls the "Mos-

Moreover, quite modest increases in defense can trigger this shift in targeting. The installation of a small number of anti-ballistic missile inter-

ceptors around Moscow, as permitted by the 1972 ABM treaty, means that more than a few dozen warheads were assigned for possible attack on the Kremlin. This projected change in targeting policy has other implications. An accidental launch now, if it came from the superpower arsenals, would very likely be aimed at a mili-

sure, but not one comparable to losing a metropolis. The reorientation in target plans driven by unconstrained defenses would mean that an accident would probably involve an urban catastrophe. A defense would have to function perfectly; otherwise, having a defense to the city is worse.

Several lessons emerge: Unregulated strategic defense cannot cure the dangers of mutual deterrence; it can compound them. The potential of

more discriminating defense — for example, in facilitating reductions in offensive forces by increasing confidence that a smaller arsenal could survive an attack — can only be realized if Russians and Americans can agree on what types of defenses are compatible with strategic stability.

President Reagan must determine how best to serve his purpose of curbing the nuclear menace. Through imperfect defenses that increase the number of nuclear weapons targeted on U.S. cities? Or through negotiated reductions in the number of such weapons available to both sides?

The writer, Washington director for the Council on Foreign Relations, wrote this for the Los Angeles Times.

The writer, Washington director for the Council on Foreign Relations, wrote this for the Los Angeles Times.

In the preamble to the Nuclear Nonproliferation Treaty of 1968, subsequently submitted to the Senate by President Nixon, the LTB commitment to negotiations for an end to nuclear testing was specifically recalled and the parties stated their determination "to continue negotiations to this end."

Notwithstanding those national commitments, honored by Presidents Lyndon Johnson, Richard Nixon, Gerald Ford and Jimmy Carter, the Reagan administration announced July 19, 1982, that it would not resume negotiations with the Soviet

Union to carry out a Comprehensive Test Ban Treaty, or CTB. In December 1982, Mr. Reagan ordered a U.S. vote against a United Nations resolution that all nuclear testing should be outlawed; the resolution carried, 111-1, with 35 absentions.

Thus did Reagan administration policy override lawful national commitments, and those senior officials made it clear to Mr. Gelb and Mr. Gordon that it still does. It is true, of course, that Mr. Reagan is charged with the national security and has to make the ultimate judgment whether

The United States will not even engage in good-faith negotiations to try to work out an acceptable test-ban treaty is, in effect, to argue that the national commitments accepted in the LTBT and nonproliferation treaties have no force that the Reagan administration need recognize. That is exactly the administration position.

The reason usually given for opposition to a CTB is that compliance with it could not be adequately verified. The weight of scientific opinion is on the other side; but even if verifi-

cation were the primary problem, that is a subject for negotiation — for seismic stations on Soviet territory, for instance, since Moscow agreed in principle to such stations during talks with the Carter administration.

Also cited against a comprehensive test ban is the need to maintain the reliability of existing nuclear weap-

ons. Again, powerful scientific opinion — outside, but to some extent within, the national nuclear laboratories — holds that testing is not needed to maintain reliability; but even if it were, deterioration would affect Soviet as well as U.S. stockpiles. And if uncertainty about weapons reliability resulted from a test ban, that might work against either side's risking a first strike.

The real reason the administration opposes even negotiating for a CTB is its desire to continue nuclear testing

been particularly innovative. Only

been particularly innovative. Only Kuwait's development fund has shown imagination.

OPEC also has a thin record on foreign investment. (Only 5 percent of Kuwait's foreign investment has been in developing countries, even including the Arab ones.)

One would hope, then, that the OPEC countries would fight a little harder to save the International Fund for Agricultural Development, which came into being as a result of an OPEC initiative 10 years ago. Unique among develop-

ment agencies, its board members come equally from developing countries, Western countries and OPEC member nations.

IFAD concentrates its resources on helping small farmers. It has built an enviable reputation. But for the last two years it has been in a financial crisis over the petty issue

OPEC have been obdurate. OPEC members do have arguments for reducing the size of their payments — Nigeria, under the present formula, contributes more than Britain does. But the central question remains whether OPEC, for all that, can stand by a commitment it made when it was rising high.

International Herald Tribune.
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Leadlessness'

1935: League Votes Sanctions on Italy

GENEVA — Invoking for the first time Article 16, the famous "sanction" article, the Council of the League of Nations by unanimous vote [on Oct. 7] found Fascist Italy guilty of waging war in Ethiopia in violation of its obligations under the Covenant and the Kellogg-Pact. According to Article 16 of the Covenant, Italy, by conducting a war against Ethiopia, was guilty of "conducting an aggressive war against all other members of the League," who are now bound to sever trade and financial relations with her and all intercourse between her nationals and Italian citizens. This was probably the League of Nations' greatest day. Acting with a promptitude that contrasted vividly with its delays in handling the Manchurian crisis, it established responsibility for war guilt by branding Italy before the whole world as the instigator of the present conflict.

in advance, announcement was made

Geyelin

Consider the preliminaries to the summit meeting: Mikhail Gorbachev all over television, taking the arms-control initiative, displaying a gift for smooth dissembling, for blowing hard and soft, for hitting the right unspoken nerve in his democratic

in "star wars." He did not turn the back of President François Mitterrand of France, but his command presence will not be lost on European leaders. And his seduction of European public opinion may well pay off in Atlantic discord.

Meantime, the Reagan administration is helping him along; in one stroke it managed to give the Atlantic alliance the look of instant disarray. Without troubling to tell the French

Next, the Belgians and the Dutch demanded to know why a full NATO foreign ministers' meeting was not indicated in the interests of proper pre-summit consultation — the more so since both are in political difficulty at home on the question of deploying the intermediate-range missiles the United States considers so important to its bargaining position in the arms-control talks. The administration belatedly bought the idea. But why did the offer have to be made?

Or consider the fumbling of the U.S. reaction to the Israeli air strike in Tunisia. Can any interested party now say with certainty whether the Reagan administration "legitimizes" or "condemns" or simply cannot "condone" such acts? The second-day fine-tuning of the first day's quick reflexes only made it worse, souring Israel's initial delight without mollifying the Arabs' instant dismay.

Some UN Successes

Charles Krauthammer's comments certainly give one pause. Yet it is the success of the United Nations that is chafing at Mr. Krauthammer's sensibilities — the existence for the 5

The United Nations represents nearly every nation on Earth. With universality must come problems: disagreements, disorder and the other messy aspects of bureaucracy — and the UN is, of course, the largest bureaucracy of them all.

praise. Equally successful is the UN Volunteers program, which is recognized as one of the most cost-effective, relevant responses to Third World development needs.

Programs like these represent what many of us see as the core of the UN ideal: the will to share, dedication to a cause, and motivation by something more than financial gain.

Senate Still Stymied As Deadline Approaches On Borrowing Limit

The Associated Press
WASHINGTON — While the government lived without credit in what President Ronald Reagan called an "emergency situation," the Senate scheduled another attempt Monday to end a filibuster over a balanced budget plan that has stalled legislation to increase federal borrowing authority.

"We have to do something," said Senator Robert J. Dole, of Kansas, the majority leader. But there was no indication of a quick end to the tangle that kept the Senate in session over the weekend and delayed action on increasing the national debt limit to more than \$2 trillion.

At the White House, Mr. Reagan urged a gathering of Republican supporters to work for passage of the plan to set statutory limits on federal budget deficits in order to achieve a balanced budget by 1991.

"We're backing what I believe can be a historic proposal," he said in his fifth appeal in four days for the plan. "That's one proposal that is worth fighting for."

The president also complained that the proposal was "being held hostage for wrangling over the debt ceiling, putting the federal government in an emergency situation. The business of our nation must go

forward. We need the debt ceiling increase passed."

The Reagan administration has requested an increase in the national debt limit from its current \$1.824 trillion to \$2.078 trillion.

The House increased the debt limit on Aug. 1 as part of its budget outline. But a separate vote is needed in the Senate.

Supporters of the balanced budget plan offered by Senators Phil Gramm, Republican of Texas; Warren B. Rudman, Republican of New Hampshire; and Ernest F. Hollings, Democrat of South Carolina, have seized upon the debt limit legislation as a vehicle to force action on their proposal.

Their plan, in effect, calls for annual deficit reductions of \$36 billion, bringing the deficit from its current annual level of \$200 billion to zero by the beginning of the 1991 fiscal year on Oct. 1, 1990.

The president would have the power to make across-the-board spending cuts to meet the annual targets, if necessary.

Two procedural votes on Sunday demonstrated that a majority of senators support the plan, but the votes did not achieve the two-thirds majority necessary to end the filibuster that has brought the Senate to a halt. Another vote to cut off



Senator Phil Gramm

debate was scheduled for Monday. Despite the government's credit crunch, the government operated normally Monday.

However, John J. Niehenke, acting assistant Treasury secretary for domestic finance, said the government had a cash balance of \$6.2 billion at the close of business Friday and that this was likely to be exhausted Monday.

Deputy Treasury Secretary Richard G. Darman sent Mr. Dole a letter saying that, when the government still becomes empty, "It is my understanding that, upon such notification, the Federal Reserve will then have to notify the banking system not to honor any government checks or electronic fund transfers."

Other officials said that checks already issued, such as government payroll and Social Security checks, would be honored.

Major Issues Before U.S. Supreme Court

By Stuart Taylor Jr.
New York Times Service

WASHINGTON — The Supreme Court began its new term Monday facing a long list of politically charged cases and an aggressive push by the Reagan administration for far-reaching changes in the law.

Affirmative action, abortion, gerrymandering, the Voting Rights Act, religious clubs in schools and bias in jury selection are among the major issues that the court has agreed to consider.

The administration has filed briefs urging the court to abandon its precedents legalizing abortion, to outlaw court-ordered and governmental plans that give racial minorities preference in employment, and to reverse lower court findings that the rights of blacks had been violated in major voting and jury selection cases.

Meanwhile, Attorney General Edwin Meese 3d's blunt critiques of the court and its precedents have displaced the more deferential stance of his predecessor, William French Smith. In Charles Fried, the solicitor general-designate, on leave from Harvard Law School, Mr. Meese has a Supreme Court litigator who is seen as far more amenable to the administration's ideological banner.

Mr. Meese has called the court's insistence on strict governmental neutrality toward religion "bizarre" and has denounced as "infamous" some 1960s precedents expanding the rights of criminal defendants.

The court is unlikely to make the sharp departures from precedent that the administration seeks, however, unless President Ronald Reagan has occasion to replace one or more justices. And none of the nine appear ready to retire.

Nonetheless, if the number of important cases that the court has already accepted for review is any guide, the 1985-86 term could shape the law in as many matters of intense ideological conflict as any in recent years.

The nine justices span the ideological spectrum, and their decisions in recent years on politically charged issues have shifted unpredictably from slightly left to slightly right of the middle of the road.

For example, decisions laid down in the term that began two years ago were widely seen as evidence that the justices were moving toward the administration's view that religion should play a greater role in public life. But last term the court forcefully reasserted a need for strict separation of church and state.

The justices ordinarily hear arguments through the end of April and issue decisions in the term's most

important cases between January and early July.

The following are some of the cases that the court has agreed to review:

• This term could clarify the law on the legality of giving preferential treatment to blacks and other minorities, in the form of goals or quotas in filling jobs, to make up for past discrimination or increase their representation in the work force.

The law in this area remains cloudy despite four previous Supreme Court decisions, because the sharply divided justices have agreed on clear rules for only a

membership, The Associated Press reported.]

• The court has agreed to review decisions by two federal appeals courts striking down state laws in Pennsylvania and Illinois that set various conditions on access to abortions and penalties for doctors who do not comply.

The Justice Department entered the case in July and filed a brief urging the court to overrule *Roe vs. Wade*, its 1973 decision that women have a constitutional right to abortion, as "arbitrary" and unworkable. It said the court should leave state legislatures free to regu-

late or forbid abortion as they did until 1973.

• The court was to hear arguments Monday for the first time on whether the drawing of election districts to give one party an advantage violates the Constitution and whether judges can strike down such gerrymanders.

The case is an appeal by the state of Indiana of a decision by a special three-judge federal district court invalidating the state's Republican-drawn districts.

A Supreme Court decision finding gerrymandering unconstitutional would span challenges to districts all over the country and

limited number of situations. The court plans to review the constitutionality of a layoff plan adopted by the school board in Jackson, Michigan, that gives preference to minority groups over whites with more seniority.

One case poses the question of whether groups of public high school students should be allowed to conduct prayer and religious discussions using school facilities on the same basis as other student clubs.

• In criminal trials, both sides are allowed to remove a certain number of potential jurors without stating a reason. In a Kentucky case, the court will look at a key issue: whether a prosecutor may constitutionally use these "peremp-



Edwin Meese 3d

tor challenges" to remove all potential jurors who are black in hope of improving his chance of convicting a black defendant.

• Several other cases involve implications of the court's landmark 1966 ruling in *Miranda vs. Arizona* that police officers, before questioning a suspect, must warn him of his rights to remain silent and to have a lawyer present.

The court has somewhat limited the scope of the 1966 ruling in the past two years, and Mr. Meese, who has called *Miranda* "an infamous decision," is said to be considering whether to urge the court to overrule it.

• The court will review a decision striking down controversial rules that the administration issued in January 1984 that prevent doctors and parents from denying life-prolonging treatment to severely handicapped newborn babies.

Israelis Kill 4 on West Bank

(Continued from Page 1)
Organization chairman, Yasser Arafat, in Tunis on Sunday, The Associated Press reported.

The adviser, Osama el-Baz, who is also first undersecretary of Egypt's Foreign Ministry, met with Mr. Arafat after his arrival on a 24-hour visit, Palestinian sources said.

The visit was the first to Tunisia by a senior Egyptian official since 1979, when Tunisia broke diplomatic relations with Cairo after

U.S. Towns 'Close Down'

(Continued from Page 1)

industry and believed that the steel companies would recover. So they tried to bridge their deficits with heavy borrowing.

But interest payments on the loans simply postponed the crisis and drove up the budget deficits, officials said. Import quotas, union concessions to management and expensive modernization programs failed to staunch the flow of cheaper, foreign steel and the mills stayed shut.

Now the loans are coming due. With the political climate hostile to federal aid, banks have cut off the municipalities' lines of credit. As a result, many local officials say their communities are near bankruptcy.

"There's no future, no future," Edward Supernovich, a lifelong resident of Clairton, told Senator Arlen Specter, a Republican of Pennsylvania, who toured the area in September.

"It's a dirty rotten shame," said Mr. Supernovich, a retired steelworker.

West German President Begins Israel Trip Today

Reuters
BONN — President Richard von Weizsäcker begins Tuesday the first formal visit to Israel by a West German president since the two states were created nearly 40 years ago.

At a briefing last week, Mr. von Weizsäcker, who was a soldier in World War II and the son of a Nazi diplomat, said that "remembrance will be a major theme in all meetings" during the four-day visit.

Egypt signed the Camp David peace accords with Israel.

Israel, meanwhile, gave Egypt until Tuesday of this week to investigate the killing of seven Israeli vacationers by an Egyptian policeman in the Sinai and to look into reports that they may have died because Egyptian officials denied them medical aid.

The Egyptian fired for no apparent reason on a group of Israeli vacationers camped Saturday at Ras Burka, a scenic desert spot on the Gulf of Aqaba.

In Washington, President Ronald Reagan's national security adviser, Robert C. McFarlane, said Sunday that progress toward direct Israeli-Jordanian peace negotiations could be realized within a month.

In a television interview, he said he believed King Hussein of Jordan and Prime Minister Shimon Peres of Israel had a commitment to peace, which "will be renewed and can achieve some milestones of progress within a month's time."

U.K. Police Warn Rioters

(Continued from Page 1)
an attack by about 100 youths wielding machetes, knives and an axe.

Of the injured policemen, authorities said that 69 were treated at hospitals and 163 were treated at the scene for less serious injuries. Five were reported in serious condition, including one officer who was hit on the head by a slab of concrete.

Seven persons suffered shotgun wounds, including two policemen and four journalists, and one civilian suffered serious stab wounds, authorities said.

Rioting in 1981 hit 20 towns and cities in England, injured hundreds of police and rioters, caused millions of dollars in damage and led to 4,000 arrests.

In the last month, riots have swept Birmingham, Liverpool and London.

Authorities said that they had turned up firebomb-making equip-

ment at the Broadwater Farm Estate, a showpiece public housing project at the center of the riot area.

Press Association, Britain's domestic news agency, quoted witnesses as saying they had seen ring-leaders with two-way radios and a van and truck loaded with garbage cans full of bricks and rubble being driven into the project.

The housing project, in a neighborhood of two-story Victorian row houses, was a nightmare for police because its six floors are linked by overhead walkways which allowed rioters to throw missiles and escape.

10 Die in California Pileup

United Press International
SACRAMENTO, California — Smoke from a grass fire blew across Interstate 5 highway here Sunday and triggered a five-minute, 33-vehicle chain collision that killed 10 persons and injured 43, officials said.

TRAVELLERS REASSURED 'WATER IN BOMBAY SAFE TO DRINK'

Based on his long and intimate acquaintance with Bombay our foreign correspondent writes:

"Of all the things that people drink in Bombay, water has never figured prominently."

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ARTS / LEISURE

A Mink DeVille Monologue

By Michael Zwerin
International Herald Tribune

PARIS — With his emphasis on sartorial style, historical purity and romantic themes, he has been called "the Prince Valiant of rock" and "Errol Flynn with a guitar."

Willy DeVille, leader of Mink DeVille ("We thought the name up stoned one night"), was "one of those kids you used to see shivering on stoops in Alphabet City, over by Avenue C, 'the Far East,' the junkies called it."

His New York inflection approaches a foreign accent. "Actually I was born in Stamford, Connecticut, when it was still a factory town, 1950. My mother worked in a factory. My hair had a ducktail in back. I was a greaser. Everybody gave me a hard time in school. I went to bed with a transistor radio under my pillow."

"Then the factories began to close. You couldn't go downtown and stand around in front of a

record store and look greasy any more. These 'Rah Raahs' moved in, rich kids in the suburbs. I started smoking dope and hanging out with kids who would run away to the Village on weekends. My father kept telling me, 'You'll never amount to anything.' My father was an Archie Bunker meathard."

"There was a big scene in Woolworth's parking lot. Me screaming at my mother, her trying to pull me back in the car, me running through back yards. I went downtown to Atlantic Street and then down the thoroughfare and I gave that town the finger."

"Actually me and a kid named Floyd split together. His father beat him up. We were both 15. Floyd was dealing. Most of my friends were dealing, drugs and anything illegal."

"I lived under a cardboard box. I slept on rooftops under wet mattresses. I was standing in a doorway one morning looking green and this dude who was a barker at the Café Wah said I could sleep in his room."

I woke up with his hand on my knee. He said would I be his 'boy'? He knew a friend of mine from the street, Robbie McKenzie, now goes by the name of Fast Floyd in San Francisco, sort of a colorful character. Guy said, 'Robbie used to be my boy.' I got scared and got out of there. This is all crazy stuff."

"I learned a lot in those days, figure out where people are coming from. They call it 'street smarts' now. It was kind of like Oliver Twist. But a lot of these hard-core greaser kids started going off to reformatories. Eventually I ended up in the Tombs and the Brooklyn House of D. Then I met this kid who had a lot of blues records and I listened to John Lee Hooker and learned a few chords on guitar."

"I played Robert Johnson and Little Walter tunes Sunday nights, hootenanny night, in Gerde's Folk City, me and Floyd. I played bottle-neck guitar with a knife handle and some harp. But Bob Dylan was walking around the Village then, John Hammond Jr. The Band was Hammond's band. This was heavy stuff for a freshly-faced 17-year-old white kid who wanted to sing the blues. They were like the '60s guys. I mean these were serious people. I'd never get a record deal."

"I tried to form a band but nothing was happening. I really hated Cream and the Stones and the way they made the blues so boring. Stupid hippies playing dumb music. Pop music was just terrible in the '60s. Everything got distorted and out of shape. Then Floyd had to get out of town because he knew he was going to get popped. He went to San Francisco and got a band. He said, 'Come on out, lots of musicians out here. John Lee Hooker lives out here.'"

"I spent a terrible two years in the Bay Area. Too many hippies. I finally put together a drummer and a bass player and we worked here



Willy DeVille: "Your classic American success story."

and there but every week I combed The Village Voice trying to find a place to play in New York. Then I found a little ad for a bar called CBGB. I don't know why, it was just instinct. I knew I was sure. 'I know the ropes in New York,' I told the guys. 'We can do it in New York.' We hired a U-Haul and got out of there."

"By this time, 1977, I had my musicianship really together. I knew how to put a set together, build up and get the crowd, grab them and take them home. I thought nothing could get the job done better than straight-ahead barrel-house drinking music. We played stuff like 'Boom Boom Out Go the Lights' by Little Walter, none of this self-indulgent 'Spoonful' or 'Back Door Man' stuff. There were three bands playing CBGB then — Pat Smith, the Ramones and Television. We moved right in."

"Talk about your classic American success story. I learned how to structure songs with a good hook line at the end. I made my first LP, the kid comes through the door. Now everybody's saying 'Yeah man, you're the greatest.' Cigar-

smoking people telling you how big you're going to be, pulling out these little brown bottles — 'Here kid do some of this,' and cocaine's blowing your head wide open. Phony chicks, phony industry people falling all over you."

"So I started to do junk, right away I knew that was for me. I could hide in there. I went out on the road, I knew a dealer in every town, but I couldn't do more than a 50-minute set because I couldn't stay away from a bathroom longer than that. I shot morphine for four years. Morphine and cocaine. Got scared though, got to a point that I knew I was going to die. I didn't want to appear in The Village Voice after five LPs: 'Rock musician Willy DeVille found dead in the Chelsea Hotel.'"

"Then I met Lisa, my wife. Junkies always say that love is the only thing that can cure you. Now we work hard, two-hour sets. Now I got nothing to hide from. I got something to be proud of."

Mink DeVille: Lund, Sweden, Oct. 8; Barcelona, Oct. 10; Toulouse, France, Oct. 11; Paris (Olympia) Oct. 14-15; Ghent, Belgium, Oct. 18; Amsterdam, Oct. 24-27.

'Maria Stuarda' in Vienna Showcases Agnes Baltsa and Edita Gruberova

By David Stevens
International Herald Tribune

VIENNA — The idea of an opera house's unashamedly staging a work as a showcase for two of its leading singers is almost quaintly old-fashioned in the era of the stage director's supremacy, but the Vienna State Opera has come up with its first hot ticket of the young season by doing just that.

The singers are the Greek-born mezzo-soprano Agnes Baltsa and the soprano Edita Gruberova, who comes from Bratislava, just a few miles down the Danube in Czechoslovakia. Both have risen to become international stars during the decade or so that they have been linked primarily to the state opera, so the idea of putting on a show that would give both a chance for display was a natural.

The vehicle chosen was Donizetti's "Maria Stuarda," which concentrates on the confrontation in love and politics between Mary Stuart and Elizabeth I, offers plenty of opportunity for vocal display, and had the budgetary attraction of being able to borrow the 13-year-old sets and costumes of the English National Opera.

"Maria Stuarda" is something of a stepchild among Donizetti's output, even during the bel canto revival of the last three decades or so. The libretto stripped Schiller's "Mary Stuart" from 21 roles down to six solo parts and concentrated on anxious conflict at the expense of affairs of state. The libretto gave offense, so the intended Naples premiere in 1834 took place with an entirely new libretto. At La Scala the following year, the title part was adjusted downward for Malibran. That production also encountered censorship trouble. The work's modern revival at Bergamo in 1958 ended almost a century of oblivion. No autograph score exists, only a mass of secondary material. The current production is based on Armando Gatto's 1981 revision of the existing material.

This is a work that really depends on the singers. Musically it is hardly out of Donizetti's top drawer — this is indeed its Viennese premiere, although the composer was an important figure in Vienna in his lifetime. Aside from an attractive sextet, a trio and some chorals at the end, it is a series of arias and duets of which the hit number is the second-act confrontation of the two queens, which was Schiller's unbiographical but theatrically effective idea.

Baltsa and Gruberova were fully equal to their tasks. Baltsa's slim physique makes her a physically credible figure as Elizabeth, and she conveyed the monarch's jealousy and dominating temperament with powerful and secure vocalism, although she at times seemed to operate uncomfortably close to her limits. Gruberova has made her career largely in such coloratura roles as Zerbinetta and the Queen of the Night, but she filled the more ample lyricism of the title role without apparent strain (except on a couple of top notes) and touchingly conveyed Mary's womanliness and



Agnes Baltsa (top), Edita Gruberova in "Maria Stuarda."

pride. Both singers won prolonged and deserved ovations.

If "Maria Stuarda" has had an ill-fated career, it was manifested in Vienna in tenor trouble, with a late cancellation producing the usual scramble. John Fowler, the Leicester at Thursday's performance, cut a pale figure in his duets with the two queens, although he sang adequately on his own. Hans Helm was an almost amiable Cecil, though he has little to do but insist on Mary's execution, and Kurt Rydl was a sonorous Talbot.

Adam Fischer led a well-paced performance, although there is precious little of interest in the orchestra. Desmond Heeley's effectively stylized sets and lavish costumes are still quite serviceable, and Gracia Asagoroff was credited, with

the staging, which at least did not burden the singers unnecessarily.

Additional performances of "Maria Stuarda" are scheduled for Wednesday and Saturday.

Another novelty last week, not likely to be seen again in Vienna, was a new production of Mozart's "Abduction from the Seraglio," designed expressly to tour the Austrian provinces.

Peter Heyduck's simple and flexible sets are designed to fit almost any stage, and Wolfgang Weber's staging is straightforward and traditional. Musically the most impressive performance came from the young conductor, Ulf Schirmer, while the cast of young singers offered performances richer in promise than in immediate satisfaction.

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Independent Japanese Film in N.Y.

By Dolores Barclay
The Associated Press

NEW YORK — Japanese filmmaking has been dominated by a studio system that left little room for independents. Now "Himatsuri" (Fire Festival), directed by Mitsuo Yanagimachi, has emerged as one of the first independent productions from Japan.

Unlike Akira Kurosawa's 16th-century epic, "Ran," which opened the 23d annual festival, "Himatsuri," although infused with traditionalist themes — Shinto spiritualism and nature — illuminates modern Japan. Set in a small village in south-

west Japan in an area known as the center of Shintoism, the movie focuses on how modernization challenges sacred rituals and sacred elements in nature, such as trees, water and fire.

It is the story of a womanizing lumberman who clashes with local fishermen and developers who want to build a marine park. He defies local customs, such as hunting and killing monkeys and training dogs to stalk and kill boars; until he has a spiritual awakening in the forest following a storm.

Once he feels in harmony with nature, he thinks there should be a human sacrifice. He kills his entire family, then himself.

Yanagimachi got his idea for "Himatsuri" from an incident in California. The wife of a Japanese businessman killed her daughter and son and tried to kill herself. She was charged with murder.

Murder-suicides are relatively common in Japan, and Yanagimachi said the Japanese understand why the mother would not want to leave her children behind.

"The act of killing so many people defies all common sense," he said, referring to his protagonist's act. "Maybe the gods' power was behind him, maybe he had sex with a god. From this, you can see all the ancient Japanese stories behind it."

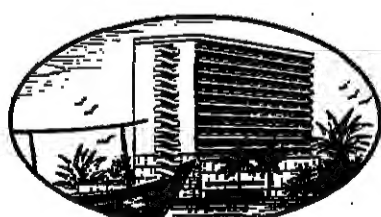
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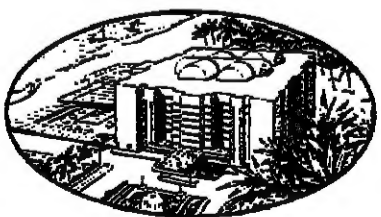
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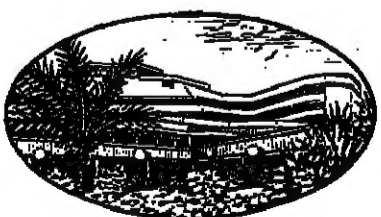
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Charleston Plans 'Porgy and Bess' To Mark Birthday

The Associated Press

CHARLESTON, South Carolina — "Porgy and Bess" is going home, in a sense: The curtain goes up Thursday on a production that marks the 50th anniversary of the New York premiere of George Gershwin's opera about black tenement life in this Southern city in the early 1900s.

"I'm excited about doing it in the place where the story originated," said James Tykesa, one of two actors who will play Porgy. He said the producer, Richard Levine, and director, John Fearnley, were approaching the show as a drama.

"So many times people have thought that 'Porgy and Bess' is a comic piece, but there is one tragic moment after another," said Tykesa, who will alternate with Arthur Woodley in the lead during the 10 performances at Gaillard Municipal Auditorium.

Vanessa Shaw, who with Daisy Newman will portray Bess, also said she liked the idea of performing just a few blocks from the former black tenement that was Catfish Row.

"It's like being a part of something much bigger than doing a play or doing a musical," she said.

Smithsonian Gets Set of Almanacs

United Press International

WASHINGTON — The Smithsonian Institution now has a complete bound collection of the Old Farmer's Almanac, first published in 1792 by Robert Thomas at Sterling, Massachusetts.

Jud Hale, the editor, and Rob Trowbridge, publisher of the almanac, presented the collection of what they call "the oldest continuously published periodical in the United States" to the National Museum of American History.

The almanac became famous and successful because a printer's error for 1816 forecast snow in July. The editor recalled all the almanacs he could find, but he couldn't have. A volcanic eruption on Java in 1815 did produce snow in July 1816 in the United States.

The International Herald Tribune's daily paid circulation continues to break records, up 5% in the past year and 27% in the past five years. More than a third of a million people in 164 countries around the world now see each issue. And latest figures indicate that this rapid growth continues.

International Herald Tribune circulation figure prepared for OJD audit for period from July 1, 1984 to June 30, 1985.

1984/85
164,639



ARTS / LEISURE

From Khaki to Couture Mood

By Hebe Dorsey

MILAN — The mood here is couture — a giant step. It is like watching a street urchin turn into a marcher.

Long known for khaki fatigues and military sportswear, Milan designers are now showing a more

MILAN FASHION

lofty look, elaborately cut and draped, in silk and satin. There are several reasons for this change.

First, the designers are older and richer. They are all moving into grand establishments that demand equally grand clothes. Second, they are tuned into the U.S. market, one of their greatest assets. Finally, the designers need to change in order to survive, for there is not in Milan the turbulent undercurrent of young talent one finds in Paris, London or New York.

The new couture result is an impeccably well-groomed look, with hats, gloves, even parasols. There are fewer pants and more evening outfits. Even bathing suits are treated with an elegant hand: draped with Grecian precision at Krizia, featuring a fancy back cowl at Gianfranco Ferré's, covered with short draped togas at Gianni Versace's. The utilitarian jumpsuit, too, became ultradecorous. Ferré made it out of black satin. Krizia featured it in her famous Fortuny pleats and Versace covered it with black sequins.

The luxury feeling was established right away with the Krizia collection, shown in a new \$6-million establishment that includes a theater seating 480, black and white marble floors, and three courtyards filled with modern sculpture and giant magnolias. Aldo Pinto, husband of Mariuccia Mandelli, who designs Krizia, said: "Others invest in yachts and

houses. We've invested in our work."

Mandelli took a deep jump with a supersophisticated look that had echoes of Schiaparelli's mad accessories and Balenciaga's peerless tailoring, but updated with V-neck silk T-shirts instead of the blouses, and with bermuda shorts and flat shoes. Her wildest accessories included long shirred gloves that opened around the shoulders like giant flowers.

Feminine in a way that is highly visible yet not coy, Mandelli has built up a strong following of women who appreciate her Dynasty-like clothes. Her V-shaped, silhouette had assertive, yet not aggressive, shoulders, a small waist, emphasized by short, cropped jackets and long, fluttering pleated skirts. A New York retailer, Bonnie Keller, who recently opened a Krizia boutique on Madison Avenue, called the collection "very young and fresh, and very American in spirit as well as Italian."

Mandelli used a lot of white, which gave a pristine look to the collection. She showed crepe bermuda pants and long tunics with emerald and turquoise beading. Krizia's new status-symbol sweater is decorated with a gentle butterfly instead of the usual jungle beasts.

A new, younger and sexier Ferré, clearly under the spell of Japan, showed mini-skirts and figure-hugging black leather, reminiscent of the Paris designer Azzedine Alaïa, who put curves back into fashion. But Ferré is still best with his big shapes, such as loose pants, silk T-shirt and an ample silk jacket, all held together by a huge obi circled with leather ropes.

Like most Milanese designers, Ferré moved out of his bland beige scene into more color and more prints. His favorite combination of

red and black worked out well.

Versace scored a triumph with the snappiest, sexiest, youngest collection in Milan. One saw a lot of flesh here: skirts way above the knees, flimsy linen jackets worn over bare skin, T-shirts loose and deeply cut on the sides, fluid dresses draped so loose they look like they might fall off any minute.

The couture look here was most evident in short white linen spencers over billowing black satin or stiff organdy skirts. The long dresses introduced a few seasons ago, are draped and much softer and lighter. New fabrics included jungle prints that had a three-dimensional look. In black and white they had a lot more chic than the usual brown and beige variety.

Versace, who said he was looking at street fashion again, trimmed an excellent group of short black leather suits with steel chains and steel heels on black pumps. The black wool leggings, topped by long sweaters draped over the hips, were also closer to street than salon. Black, sharply cut wigs, dark glasses and all those steel chains gave a funny, comic-strip flavor to the collection.

The Fendi sisters reportedly spent \$1 million on a weekend extravaganza that entailed flying more than 150 people first class to Rome from all over the world. The reason: the launching of their first perfume, Fendi (a huge bottle decorated the runway).

Karl Lagerfeld, who designs the Fendi fur collection, was also responsible for the ready-to-wear. But in this house, which revolutionized furs, ready-to-wear is still a minor art. There were some pleasant moments, especially in the first half of the collection, with its black and white knitwear and its denim line. Black swimsuits with generous



Charles Gault

Mini-skirted outfit by Ferré.

décolletés were topped by giant white terry robes, and denim was happily combined with silk prints. Defying playing with short and long and mixing all kinds of prints, Lagerfeld was not in step with the couture feeling of other Milan collections; instead, he stayed strictly with ready-to-wear.

Grand Ole Opry Celebrates 60 Years Of Keeping It 'Close to the Ground'

By Jim Lewis

NASHVILLE, Tennessee — Those facing the stage of the Grand Ole Opry are missing it. You see the real show when you turn around and look at the people who come to see the performers on the country's most venerable live radio show.

In the old days, some of the fans, rural people who drove halfway across the country to the Opry, dressed in overalls. They got a simple show. It wasn't slick. It still isn't.

It was a Saturday night — Nov. 28, 1925 — when Uncle Jimmy Thompson, a bearded patriarch accompanied by his granddaughter on the piano, picked up his Blue Ribbon fiddle in front of a carbon microphone and kicked off the "WSM Barn Dance" from a sound cubicle measuring 14 feet (4 meters) by 17 feet.

Two years later, the show's organizer, a former Memphis newspaperman named George D. Hay and known as "The Solemn Old Judge," dubbed the program the Grand Ole Opry.

The Opry would eventually spawn a "third coast" in the entertainment industry, host presidents, and launch the careers of country superstars such as Dolly Parton, all by following Hay's formula for appealing to rural America: "Keep it close to the ground, boys."

The 60th anniversary celebration, starting Thursday, will peak with the broadcast of the show Saturday night. On Monday, the Country Music Association Awards show will be nationally telecast. A two-hour salute to the Opry will be taped in November and telecast in January.

Herman Crook, who on Dec. 2 will be 87, is the only performer who has been on the Opry for all 60 years. He plays harmonica in the Crook Brothers band.

"The Opry has changed quite a bit," he said. "It's not supposed to change. Country music doesn't change. George Hay would never have allowed drums. I wouldn't have a drum because of all that racket and noise."

He said a drummer plays with his band, but he doesn't like it. "I've had to call him down about the noise. Drums don't go with country music, with string music."

Crook said he began performing on the Barn Dance show about a month after it began, and has

missed only three performances, all because of illness.

Performers were not paid in the early years. "They used to line up outside just to get on the radio," Crook recalled.

"Radio was something new. People back then didn't think about money. They were tickled to be on the radio. We always had plenty of people to play. After two years we were one of the lucky bands and they started paying us \$5 a piece. It's like everything else, we get more than that now."

He explained, as he has done for 60 years: "I've never taken a drink of beer or whiskey in my life. I never smoked a cigarette, never used curse words in my life, but I'm a crook." The line still makes him laugh.

Asked if some of the performers did drink and cuss, Crook replied, "A lot of them had drinks, you know. But I don't have any time for that drinking. I don't know whether you call them drunk. There is no doubt that some of them were drinking when they went on stage."

Hank Williams, late in his career, showed up at the Opry drunk many times, and was eventually suspended for his unreliability.

Among other controversies over the years was the one caused by the

singer Skeeter Davis, suspended for 16 months for remarks she made on the air after police arrested members of a religious group at a Nashville shopping center.

"They arrested 15 people just for telling people that Jesus loves them. That really burdens my heart," she said over the clear-channel, 50,000-watt station.

Among the high points in 60 years was a visit by Richard M. Nixon when the Opry moved from Nashville's old Ryman Auditorium to its new quarters at the Opryland amusement complex in 1974. Nixon played the piano and tried to yoyo like Roy Acuff, the "king of country music."

President Ronald Reagan visited last year on the occasion of Acuff's 81st birthday.

The Grand Ole Opry's manager, Hal Duram, was asked why the Opry has lasted so long. "I don't know if there is any one ingredient," he said. "Generally through the years, it has been the performers themselves. Today the Opry is the result of what those people did — the Acuffs, the Tubbs, the Crooks, the Williams, Minnie Pearl."

But Acuff, who lives in a small home on Opryland property, said: "I think the general public has made the Grand Ole Opry."

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Worship	1878	18	15 1/2	16	- 1/2
Quinn	1517	12 1/2	12	12 1/2	+ 1/2
Estimote	1223	2 1/2	2	2	- 1/2
Pontre v	1024	3 1/2	3 1/2	3 1/2	- 1/2
KeyPh	1047	7 1/2	6 1/2	6 1/2	- 1/2
Corning	3446	10 1/2	9 1/2	9 1/2	- 1/2
Wolcott	1626	7 1/2	6 1/2	6 1/2	- 1/2
China's	947	17 1/2	16 1/2	16 1/2	- 1/2
WJ Times	724	4 1/2	4 1/2	4 1/2	- 1/2
Am Int'l	635	3 1/2	3 1/2	3 1/2	- 1/2
ProMed	573	2 1/2	2 1/2	2 1/2	- 1/2
Int'l In	572	4 1/2	4 1/2	4 1/2	- 1/2

AMEX Stock Index			
High	Low	Close	Chg
222.82	221.29	221.50	-1.30

7%	17%	Endorse	25	33%	2%	2%	2%	2%
7%	9%	Entero		11%	12%	12	12	
7%	15%	EnteroE	2.50	13.4	16	16%	16	16%
7%	17%	EnteroX	1.36	7.0	11	307	19%	19%
7%	19%	EnteroS	1.14	3.4	16	92	31%	30%
7%	23%	Equit				228	3%	3%

A RARE FIND;
WORTHY OF INVESTMENT; IN DEMAND

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TUESDAY, OCTOBER 8, 1985

FUTURES AND OPTIONS

New Strategies Transform
Currency Speculation

By JAMES STERNGLD

New York Times Service

NEW YORK — Playing the dollar is not what it used to be. Like many other niches of the international financial system, the foreign-exchange market has been transformed by the introduction of futures and options products, and the dozens of strategies they have spawned.

Especially in the last two weeks — following the turbulence in the market after a decision by major industrial nations to force the dollar's value lower — the new strategies have been put to good use by sophisticated investors. Volume in the currency options and futures traded at the Philadelphia Stock Exchange and Chicago's International Monetary Market soared after the meeting.

But the multidimensional new currency contracts have also provided some surprises. Scott N. Dillman, manager of currency-options trading at Bank of America in New York, explained: "There are complications there that sneak up and can get you if you don't understand the variables."

A currency option is the right, but not obligation, to buy or sell a set amount of a currency at a specified price by some future date. The option is known as "call" and the buy as "put." One pays a premium, ranging generally from 1 to 5 percent of the value of the contract, to open a contract. Buying a Japanese yen call — or selling a yen put — would be a bet that the yen will rise against the dollar. But there are important differences between those two approaches, as currency-options players found two weeks ago.

The key to currency options, Mr. Dillman said, is that, while they limit risk, they respond to a number of variables, each of which can move independently. The first variable is what happens to the spot exchange rate between the dollar and the foreign unit. The second is the volatility factor. This is an expectation of how much the currency might swing on an annualized basis and helps determine the size of the premium paid for the contract. The higher the volatility level, the larger the premium.

TWO less important variables involve the differential between spot currency prices and forward market prices, and the level of short-term interest rates.

"You can adjust the level of risk you have in the market with some precision, but you have to keep track of all the variables to really have control," Mr. Dillman emphasized.

He provided the example of how a trader might have correctly predicted last month that the dollar would fall sharply, taken an options position based on this expectation, but had a potentially huge profit trimmed significantly by not using the options market carefully.

On Sept. 20, the Friday before a meeting of central bankers from the United States, Britain, France, West Germany, and Japan that was held on Sunday, Sept. 22, the dollar traded at 2.91 Deutsche marks on a spot basis. One way to bet that the dollar would fall would have been to sell a put contract on the mark. On Sept. 20, a contract that expired March 14, 1986, at a rate of 3.00 DM, carried a premium of 2.35 percent, Mr. Dillman said. That means that the trader would have sold a \$1 million put for \$23,500, hoping to be able to buy it back later at a lower price, and pocket the difference.

That premium was based on a volatility factor of 15 percent, meaning that within the next year the mark was expected to fluctuate no more than 15 percent either up or down.

By Tuesday, Sept. 24, the dollar had tumbled and the mark had strengthened, pushing the dollar's exchange rate down to 2.72 DM, a 6.5-percent depreciation. That is all the gain a trader would have enjoyed if dollars had simply been sold for marks on Friday, with a cashing in on Tuesday.

The results in the options market were markedly different.

(Continued on Page 17, Col. 7)

German
Talks Are
BackedU.S. Seeking
Market Access

By Warren Geller

International Herald Tribune

FRANKFURT — The United States has told the West German government that it would welcome talks in early November in Bonn on telecommunications trade.

But Washington has stipulated that such talks must also include an examination of ways to improve access to the large West German market. U.S. officials in Washington and Bonn said Monday.

U.S. officials hope the talks will give added impetus to the American goal of including trade in services, such as some telecommunications operations, in the next round of multilateral trade negotiations under the auspices of the General Agreement on Tariffs and Trade.

"We hope that these talks in Bonn could persuade European governments to share our view that government procurement procedures guidelines established under GATT in 1980 should be extended to include procurement of telecommunications systems by ministries," said one U.S. Commerce Department official.

"The proposed talks are not meant to be trade negotiations," the official said. He added that any bilateral trade negotiations would have to be handled in a separate forum.

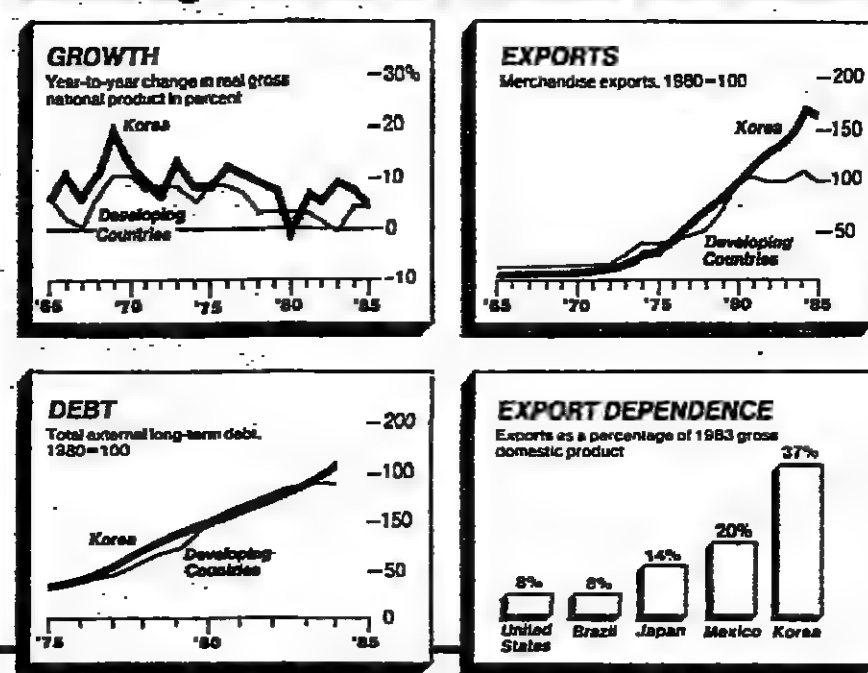
The United States last week proposed to Christian Schwarz-Schilling, the West German Post Office minister, that a round of fact-finding talks focus on the following areas: Regulations on establishing communications networks; post office procurement policies; and standards for telecommunication equipment.

U.S. Commerce Department officials and sources at the U.S. Embassy in Bonn said the talks would seek to address the following complaints of U.S. companies:

- That the West German Post and Telecommunications Ministry has tended to favor domestic suppliers in procurement decisions.
- That standards set by the ministry have restricted choice for consumers and in effect forced U.S. companies to make direct investments.

(Continued on Page 17, Col. 4)

Measuring South Korea's Economic Uncertainties

Korean Miracle Is Starting to Fade
As Trade Curbs Threaten Exports

By Susan Chira

New York Times Service

SEOUL — The South Korean economy is a miracle. In little more than 20 years, a country torn apart by war has become an emerging economic power.

But the Korean miracle gets its strength from booming exports, and now the rise of world protectionism threatens to undo the nation's formula for rapid economic growth.

The challenge to South Korea's economic success makes this week's annual meeting of the International Monetary Fund and World Bank in Seoul all the more important. By coming to Seoul, the financial elite is applauding South Korea's accomplishments. At the same time, delegates are tackling precisely the issues that concern South Korea most — trade and debt.

South Korea has moved from a nation of farmers to one of traders in little more than a generation. Men who repaired U.S. Army trucks during the Korean War that ended in 1953 now head conglomerates that export steel, autos, television sets, ships, in addition to semiconductors and other high-technology products. Their most important market is the United States, where South Korean industries have already left its mark. From South Korean groceries in New York to semiconductor research laboratories in Silicon Valley, California.

This year, however, will not see record growth for South Korea. Exports are stagnant for the first time in years, and the big industrial companies are being forced to lay off workers. The main culprit is the lagging U.S. economy. Like its neighbors in the Pacific Basin, South Korea's economic fate is linked to its ability to sell to the United States, which buys 35 percent of South Korean exports.

The problem of selling to the United States

affects Japan too, of course. But South Korea, which chose Japan as a model, is hurt more. While the two neighbors share a common work ethic and an aggressive export policy, South Korea's economy is far weaker, partly because it lacks Japan's large internal market.

"We have to face the cold fact that we can't expect the rapid growth rate that we have enjoyed in the past," said Ahn Seung-chul, president of the government-financed Korea Development Institute.

South Korea also faces challenges at home. As part of its march to industrialization, South Korea's authoritarian government has offered the nation economic progress instead of political freedom. The government now faces growing political dissent and labor unrest. South Korea's \$45-billion foreign debt, the fourth largest in the world, continues to trouble policymakers. And the increasing national wealth has made the newly rich people resented by the poor.

As protectionist sentiment rises, U.S. resentment toward Japan is spilling over to South Korea in an unfair way, South Koreans believe. The United States ruled that South Korean color television manufacturers were guilty of dumping, and several other cases are pending. Last year, South Koreans were forced to accept "voluntary" restraints on steel exports to the United States. And some quotas on South Korean textiles — which accounted for 23.5 percent of all exports in the first half of 1985 — seem inevitable this year.

Yet no one, in or out of government, is predicting that South Korea's glory days are over. Businessmen are moving to stave off protectionism by teaming with American manufacturers. Foreign bankers say they remain confident of South Korea's ability to meet its debt payments and manage

(Continued on Page 17, Col. 5)

5.2% Rise Seen
In Oil Demand
Over 6 Months

The Associated Press

PARIS — Oil demand in the non-communist world is expected to rise 5.2 percent in the next six months, reflecting seasonal factors as colder weather begins, the International Energy Agency said Monday in its monthly market report.

The 21-nation group of major oil consumers predicted that oil consumption outside the communist bloc would increase to an average 46.9 million barrels a day in the first quarter of 1986 from an estimated 46.1 million in the fourth quarter of 1985 and 44.6 million in the third quarter.

The report also said that demand for oil from the Organization of Petroleum Exporting Countries, which fell to a 20-year low as the summer began, rose steadily in the third quarter and should remain on a seasonal upward trend over the next two quarters.

OPEC's production rose to an average of 15.2 million barrels a day in September from 14.8 million in August and 14.6 million in July, making an average of 14.9 million for the third quarter, it said.

That is still well below OPEC's production ceiling of 16 million barrels a day.

Working from the agency's figures for projected production outside OPEC and world consumption for the fourth quarter, oil analysts estimate that demand for OPEC oil will rise to slightly more than 16 million barrels daily in the fourth quarter and 17 million barrels daily in the first quarter of 1986.

Those calculations assume no change in consumers' oil stockpiles in the last quarter and a drawdown of inventories of about 500,000 barrels a day in the first quarter of next year.

The agency's forecasts also do not take into account any reduction in production from the Soviet Union, which sells oil to India and customers in Western Europe. European customers of the Soviet Union said last month that they had been informed of temporary delays or cancellations of Soviet deliveries scheduled for October.

The agency said that Saudi Arabia's production recovered in September to around 2.5 million barrels a day, after having fallen by about 500,000 barrels a day in August from 2.6 million in July.

Iraq's air attacks on Iran were estimated to have reduced Iran's oil production to around 2 million barrels daily in September, of

which 600,000 barrels represent domestic consumption. Production was estimated at 2.6 million barrels daily in August.

The study did not address the question of Iran's export potential, which is believed to have suffered sharply from Iraq's air attacks on the Kharg Island terminal facility. The report said that Iraq, the United Arab Emirates and Nigeria all increased production at the end of the third quarter.

The agency said oil consumption among major Western nations dropped 2 percent in the third quarter from a year earlier. That compared with a decline of 3.5 percent in the second quarter of 1985. The report said onshore supplies of oil stood at about 2.9 billion barrels on Oct. 1, or 14 million barrels less than a year before. That represented 73 days of supplies, based on demand projections for the final three months of a year. A year ago, stocks on hand represented an 80-day supply of oil.

Ottawa to Add
To Powers of
Bank Regulators

Reuters

OTTAWA — The Canadian government plans to "substantially increase" the power of regulatory authorities overseeing the country's banking system through legislation to be introduced shortly, the minister of state for finance, Barbara McDougall, said Monday.

"These changes will insure that we have the best regulatory system in the world," she told the House of Commons in the second reading of a separate bill that authorizes reimbursement of uninsured depositors in the failed Canadian Commercial Bank and Norbank Bank.

The minister gave few details of the new powers to be given regulators but said the changes will include bolstering resources of the inspector general of banks.

But she warned Parliament that the \$75-million-Canadian-dollar (\$625-million) bailout of uninsured depositors at the two banks that were closed by the government on Sept. 1 should not be considered a precedent.

Ontario Suspicious About Trade Pact

Premier Fears Impact of a Canada-U.S. Liberalization

By Douglas Martin

New York Times Service

TORONTO — Ontario, Canada's most populous and economically powerful province, is emerging as perhaps the biggest stumbling block to a free-trade agreement between Washington and Ottawa.

Perhaps most significantly, the Ontario leader points to a recent assertion by William McKinley, a Reagan administration trade official, that a trade arrangement could not exempt the Canadians from the sort of countervailing duties they most hope a pact would prevent.

"I'm not prepared to make a giant leap of faith," David Peterson, premier of Ontario, said in an interview. He says he has seen scant evidence that free trade could help Ontario, while he is sure it could hurt in many ways.

The Ontario leader plans a trip to Washington in two weeks to discuss his reservations about free trade with Reagan administration officials, senators and congressmen. Next month, he will press them in a meeting with Prime Minister Brian Mulroney, leader of the Progressive Conservative government in Ottawa, and with premiers of other provinces.

Mr. Peterson has emerged as the most prominent skeptic of the advantages to Canada of a trade arrangement. Without Ontario's support, experts say, an agreement will be very difficult to achieve.

Ontario's trade with the United States is greater than U.S. bilateral trade with Japan. With a third of Canada's population — 8.94 million of 25.13 million people — Ontario produces more than half the country's manufactured goods.

As a consequence, if 14 weeks of hearings now being held by the Ontario government result in a turning against free trade by Mr. Peterson and his minority government of the Liberal Party and the New Democratic Party, the political fallout would likely be severe.

A third of the members of the federal Parliament are from Ontario. Also, Mr. Peterson suggests the next federal election is likely to turn on the free trade issue.

"It is the single most important thing we've done economically in 100 years," he asserted.

Mr. Peterson fears that trade talks with Washington will force onto the bargaining table the 20-year-old pact with the United States, under which Canada produces one car for export for each car it sells at home. U.S. officials have said that the auto pact must be included, while Canadian officials have insisted that it should not be. Last year, the pact was worth 26.7 billion Canadian dollars, \$19.6 billion at current exchange rates, in Ontario exports to the United States.

The Ontario premier also worries

that small industries, such as furniture and shoes, will not be able to adjust to life without tariffs, and that new high-technology industries cannot develop without the government help a free trade agreement might entail.

Mr. Peterson denies press reports that he was the only premier with doubts about free trade at an August meeting of premiers in Halifax, Nova Scotia. He said British Columbia expressed worries about losing its right to attract industry by pricing electricity cheaply, that Newfoundland feared losing fishing benefits, and that other provinces worried that Ottawa's generous aid to depressed regions would go down the drain.

Robert Bourassa — leader of the opposition Liberal Party of Quebec, the second-biggest province — recently expressed concern that a free trade arrangement could result in Canada being swallowed up politically by the United States.

Canadian federal officials have proposed talks to liberalize the \$170-billion bilateral trade, the biggest between any two countries in the world. They contend that a trade agreement would guarantee access to the U.S. market at a time that protectionist sentiment in Congress is running high. Ultimately, they suggest, it would benefit Canada's economy by forcing industries to become more competitive.

But so far, Mr. Mulroney and his

top aides appear to be "low-bridging it," Mr. Peterson said, using his term for an extremely soft sell.

Indeed, in public statements, federal government leaders have emphasized the numerous ways they would prefer to stop short of a full free trade arrangement in order to protect Canadian economic, political and cultural interests.

"There may be no negotiations with the United States at all," Joe Clark, Canada's secretary of state for external affairs, said in a speech in Toronto on Friday. "Their Congress may refuse even to consider arrangements which would limit their power to threaten Canada by protectionist bills."

A document prepared by the prime minister's office suggested that any sustained opposition from the Ontario government could scuttle the negotiations. The document, which Mr. Mulroney's aides characterize as a draft paper, advocated underplaying the liberalized trade initiative.

A top economic official said a chief area of concern was whether greater access to the market would mean more secure access, particularly if the U.S. opposition to doing away with countervailing duties holds. The worry is that Canada could be increasing its vulnerability to the protectionism it wants to avoid.

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NOTICE TO SHAREHOLDERS
REPUBLIC HOLDING S.A., LUXEMBOURG
(Formerly TRADE DEVELOPMENT BANK HOLDING S.A.)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Shareholders of Republic Holding S.A. ("RH") will be held at l'Hotel le Royal, 12 Boulevard Royal, Luxembourg,

on October 29, 1985, at 2.30 p.m.

for the purpose of considering and voting on the following matters:

1. Decision to put Republic Holding S.A. in liquidation.
2. Appointment of Messrs. Jean Hoes, Roger Junod, C.G. Rodney Leach and Walter H. Weiner as Liquidators of Republic Holding S.A., each of them acting severally and individually.
3. Approval of the Liquidation Plan submitted by the Board of Directors.
4. Decision to maintain the Statutory Auditors' appointment in order to report on the Company's 1985 accounts to the Shareholders meeting to which the 1985 Financial Statements will be submitted for approval.
5. Miscellaneous.

By order of the Board
Edmond J. Saffra
Chairman

NOTES:

Any shareholder whose shares are in bearer form and who wishes to attend the Extraordinary General Meeting must produce a depositary receipt or present his share certificates to gain admission. If he wishes to be represented at the meeting, he must lodge a proxy, duly completed, together with a depositary receipt at the registered office of RH at 13 Boulevard de la Paix, Luxembourg not later than October 28, 1985 at 5 p.m. The shareholder may obtain the depositary receipt and if required, the form of proxy, from any of the banks listed below by lodging his share certificates at their office or by arranging for the bank by whom his certificates are held to notify any of the banks listed that shares are to be sold.

Any shareholder whose shares are registered will receive a notice of the Extraordinary General Meeting at his address on the register, together with a form of proxy for use at the meeting. The proxy should be lodged at RH's office in accordance with the above instructions.

The remittance of the form of proxy will not preclude a shareholder from attending in person and voting at the meeting if he so desires.

The resolution concerning item 1. of the agenda requires a majority of at least two thirds of the votes of the shareholders present or represented, provided there is a quorum of at least fifty percent of issued share capital. There is no limitation as to the number of shares for which any shareholder or proxy may cast votes.

The resolutions concerning items 2. to 5. of the agenda may be passed by a simple majority provided that no single shareholder or proxy may cast votes in respect of more than one-fifth of the issued share capital or more than two fifths of all shares represented at the meeting.

Shareholders may obtain copies of the documentation listed hereunder:

1. This notice.
2. Statement of Mr. Edmond J. Saffra, Chairman of the Board and Liquidation Plan of the company.
3. Information statement on Republic New York Corporation at the registered office and from any of the banks at the following addresses:

- Manufacturers Hanover Limited
8 Princes Street, London EC2P 2EN (England)
- Banque Internationale à Luxembourg S.A.
2 Boulevard Royal, Luxembourg (Luxembourg)
- Manufacturers Hanover Bank Belgium
13 Rue de Ligne, 1000 Brussels (Belgium)
- Manufacturers Hanover Bank Nordique
20 Rue de la Ville-Évêque, 75008 Paris (France)
- Manufacturers Hanover Trust Company
Bockenheimer Landstrasse 51/53, Frankfurt (W. Germany)
- Manufacturers Hanover Trust Company
40 Wall Street, New York, N.Y. 10015 (U.S.A.)
- Republic National Bank of New York
452 Fifth Avenue, New York, N.Y. 10018 (U.S.A.)
- Republic National Bank of New York
46 Berkeley Square, London W1X 5DB (England)
- Republic National Bank of New York (Luxembourg) S.A.
103 Grand Rue, 1661 Luxembourg (Luxembourg)
- Republic National Bank of New York (France) S.A.
20 Place Vendôme, 75001 Paris (France)
- Trade Development Bank
30 Monument Street, London EC3R 8LH (England)
- Trade Development Bank (Luxembourg) S.A.
34 Avenue de la Porte Neuve, Luxembourg (Luxembourg)
- Trade Development Bank
96-98 Rue du Rhône, 1204 Geneva (Switzerland)
- Trade Development Bank
25 Corso S. Gottardo, 6830 Chiasso (Switzerland)

* Paying Agent of Republic Holding S.A.

Currency Rates

Cross Rates	Oct. 7
Australian \$	0.74
Belgian franc	36.36
British pound	1.64
Canadian dollar	0.71
Deutsche mark	2.36
French franc	6.55
Italian lira	1.36
Japanese yen	163.60
Netherlands guilder	2.20
New Zealand dollar	0.69
Portuguese escudo	200.48
Spanish peseta	166.64
Swiss franc	1.48
Swedish krona	4.66
Taiwan dollar	36.36
West German mark	2.36
Yen	163.60

Other Dollar Values	Oct. 7
Australian \$	0.74
Belgian franc	36.36
British pound	1.64
Canadian dollar	0.71
Deutsche mark	2.36
French franc	6.55
Italian lira	1.36
Japanese yen	163.60
Netherlands guilder	2.20
New Zealand dollar	0.69
Portuguese escudo	200.48
Spanish peseta	166.64
Swiss franc	1.48
Swedish krona	4.66
Taiwan dollar	36.36
West German mark	2.36
Yen	163.60

Sources: Reuters, Deutsche Bank, Citibank, etc. All rates are for 100 units of foreign currency per 1 U.S. dollar. All rates are for 100 units of foreign currency per 1 U.S. dollar. All rates are for 100 units of foreign currency per 1 U.S. dollar.

Interest Rates

European Money Deposits	Oct. 7
1 month	7.00%
3 months	7.50%
6 months	8.00%
1 year	8.50%

Sources: Reuters, Deutsche Bank, Citibank, etc. All rates are for 100 units of foreign currency per 1 U.S. dollar. All rates are for 100 units of foreign currency per 1 U.S. dollar. All rates are for 100 units of foreign currency per 1 U.S. dollar.

Key Money Rates Oct. 7

United States	Close	Prior
Discount Rate	7.125%	7%
Federal Funds	7.125%	7%
Prime Rate	8.50%	8.50%
Banker's Loan Rate	8.50%	8.50%
Call Money	7.125%	7%
3-month Treasury bills	7.125%	7%
6-month Treasury bills	7.125%	7%
9-month Treasury bills	7.125%	7%
1-year Treasury bills	7.125%	7%

Europe	Close	Prior
3-month Eurodollar	7.125%	7%
6-month Eurodollar	7.125%	7%
9-month Eurodollar	7.125%	7%
1-year Eurodollar	7.125%	7%

Asian Money Deposits Oct. 7

1 month	7.00%
3 months	7.50%
6 months	8.00%
1 year	8.50%

Sources: Reuters, Deutsche Bank, Citibank, etc. All rates are for 100 units of foreign currency per 1 U.S. dollar. All rates are for 100 units of foreign currency per 1 U.S. dollar. All rates are for 100 units of foreign currency per 1 U.S. dollar.

U.S. Money Market Funds Oct. 7

Mutual Fund	Assets
Mutual Fund	Assets
Mutual Fund	Assets
Mutual Fund	Assets

Sources: Reuters, Deutsche Bank, Citibank, etc. All rates are for 100 units of foreign currency per 1 U.S. dollar. All rates are for 100 units of foreign currency per 1 U.S. dollar. All rates are for 100 units of foreign currency per 1 U.S. dollar.

Gold

Gold	Oct. 7
Gold	Oct. 7
Gold	Oct. 7
Gold	Oct. 7

BUSINESS ROUNDUP

Chrysler and Mitsubishi Plan \$500-Million Plant

The Associated Press
HIGHLAND PARK, Michigan — Chrysler Corp. and Mitsubishi Motors Corp. of Japan announced Monday that they will jointly build a \$500-million auto assembly plant in the twin cities of Bloomington-Normal, Illinois.

The plant, to start production in the second half of 1988, will assemble 180,000 small cars a year and employ 2,500 workers.

Each company will own 50 percent of the venture, named Diamond Star Motors Corp. It will start with initial capital of \$150 million, according to announce-

ments at Chrysler headquarters in Highland Park, Michigan.

Diamond Star's chairman will be G. Glenn Gardner, a general manager at Chrysler, while Yoshio Nakane, a general manager at Mitsubishi, will be president and chief executive officer.

Chrysler's chairman, Lee A. Iacocca, said that the final decision on the plant site was made "within the past week."

"It was very close. All four states were very aggressive," Mr. Iacocca said, referring to Illinois, Indiana, Ohio and Michigan.

Mr. Iacocca shared the rostrum at Chrysler headquarters with Mitsubishi's president, Toyoo Tate. Mr. Tate, speaking through an interpreter, said there was no provision for United Auto Workers union representation at the plant and that he expected local labor pool to be the primary source of workers.

Mr. Iacocca and Mr. Tate said the Bloomington-Normal area had "all the requisites" for the assembly plant. They praised the area's transportation and education facilities as well as the culture, labor climate and tax base.

The plant will produce Mitsubishi-designed two-door and four-door cars with a 1.8-liter or 2-liter Japanese-made engine, the companies said. Half of the cars will be sold in Chrysler dealers, and half will be distributed through Mitsubishi's sales network, as previously announced. Engines, transmissions and accelerators will be shipped from Japan.

Chrysler officials in Illinois said the plant will indirectly create 8,000 new jobs in the central Illinois area.

Arab Group Has Stake in Moseley

International Herald Tribune

LONDON — An Arab investment group said Monday that it had acquired around a third of Moseley, Hallgarten, Estabrook & Weeden Holding Corp., a troubled Wall Street securities firm, for \$12 million.

The investors are led by Hikmat Nashashibi, formerly chief executive of Al-Mal Group, a small Arab-owned investment bank, and Omar Kassen, formerly deputy chief executive of Al-Mal. They declined to identify the other investors.

The group is injecting capital into Moseley by buying new preferred shares, which are convertible into common. Moseley's capital had been depleted by losses of nearly \$20 million over the past year and a half.

Operations Chief Is Named at BT

International Herald Tribune

LONDON — British Telecommunications PLC announced Monday the promotion of one of its youngest directors, Iain Vallance, to the new post of chief of operations.

Mr. Vallance, 42, was managing director of BT's biggest division, Local Communications Services, which operates local telephone services in Britain.

Sir George Jefferson, 64, who remains chairman and chief executive, said he would have more time to concentrate on strategy after Mr. Vallance takes up his new duties.

Hanson Raises SCM Stake to 32.1%

The Associated Press

NEW YORK — Hanson Trust PLC said Monday that it has raised its stake in SCM Corp. to 32.1 percent from 25 percent of SCM's total shares outstanding.

In doing so, Hanson, whose previous bids to acquire SCM were rejected by the company, raised a major obstacle to SCM's agreement to be bought by an investor group that includes Merrill Lynch & Co. and SCM management.

Hanson now has nearly enough stock to defeat the Merrill Lynch offer of \$74 a share, or \$910.2 million, which is contingent on the buyout group getting two-thirds backing from SCM shareholders.

"Merrill Lynch can't do their deal," asserted Robert Pirie, president of Rothschild Inc., Hanson's financial adviser.

Mr. Pirie also repeated Hanson's previous statement that it was prepared to top the Merrill Lynch bid if SCM dropped the "lock-up" options granted to Merrill Lynch. Those options would allow Merrill Lynch to buy SCM's Durkee foods line and its chemical pigments business for \$430 million if its buyout of SCM failed.

In afternoon trading on the New York Stock Exchange, SCM's stock was off 12½ cents a share at \$72.50.

The Merrill Lynch proposal calls for SCM, which also makes Smith-Corona typewriters, to be taken private through a leveraged

buyout. In such a transaction, the purchase is financed mostly with debt that is repaid with funds from the target company's operations or the sale of its assets.

Hanson, a London-based company with interests in building materials, construction equipment, textiles, shoes and consumer products, has been after SCM since August, when it offered \$60 a share.

The Merrill Lynch group raised the bidding to \$70 a share, after which Hanson sweetened its offer to \$72. On Sept. 11, when SCM embraced Merrill Lynch's new bid of \$74 a share, Hanson dropped its offer. But Hanson then bought 3.1 million, or 25 percent, of SCM's shares in the open market.

Carlton Group Discusses Acquisition Of Thames TV From BET, Thorn EMI

Reuters

LONDON — Carlton Communications PLC said Monday that it was holding talks with Thames Television, Thorn EMI PLC and BET PLC about acquiring Thames.

Trading in Carlton's shares was suspended earlier in the day after British press reports that Carlton was making an offer of £80 million (\$113.5 million) for Thames.

Thorn has a 46-percent stake in Thames and BET 47.9 percent. Carlton shares were suspended at 825 pence each. The group, which made a before-tax profit of £5.54 million on sales of £21.57 million in the year ended Sept. 30, 1984, specializes in video technology and television broadcasting production.

Thorn's shares, 367 pence at Friday's close, opened 10 pence higher Monday at 377 pence each, but later slipped back to 372 pence. BET's shares opened at 320 pence, 7 pence up on Friday's close, but eased back to 315 pence.

Pantry Pride Counters Revlon Plan With New Bid

United Press International

NEW YORK — Pantry Pride Inc., whose efforts to take over Revlon Inc. appeared blocked last week when Revlon chose to go private in a complicated merger and breakup, raised its hostile tender offer Monday to \$56.25 a share in cash.

Pantry Pride, an operator of supermarkets, said it was filing an amended complaint against Revlon and certain of its directors, charging that the Revlon board breached its fiduciary duties in approving last Thursday's \$56-a-share merger with Forstmann Little & Co. Revlon agreed to pay Forstmann a \$25-million fee if the merger was not consummated.

Pantry Pride, which had been pursuing Revlon since August, raised its bid to \$53 on the eve of the Revlon board's decision to go private. That offer was worth an estimated \$1.5 billion. The bid of \$56.25 a share would be worth about \$1.8 billion.

Pantry Pride, which is based in Fort Lauderdale, Florida, said its new offer was conditioned on Revlon's board rescinding an anti-takeover provision it approved Aug. 19. Pantry Pride said it believed Michel C. Bergerac, chief executive of the cosmetics and health care giant, stood to gain more than \$20 million under his employment agreement if the arrangement with Forstmann went through.

Bergerac's Role

Steven E. Prokesch of The New York Times reported earlier from New York:

Two months ago, Mr. Bergerac reacted to the Pantry Pride takeover bid by saying, "We are not going to sit around and let these buy-out artists take away the com-

pany at a bargain-basement price." Now, he and the rest of the Revlon board are backing a buyout proposal at a price \$9 a share below the \$65 Mr. Bergerac had said Revlon was worth. And what Mr. Bergerac and the board endorsed looks very much like the bust-up of Revlon that he deplored.

Forstmann Little, specialists in leveraged buyouts, and members of Revlon's management, including Mr. Bergerac, are to take the company private by paying shareholders \$56 a share, or \$1.77 billion. Before that, Revlon will sell its cosmetics business for \$900 million, to another investment concern.

In addition, American Home Products Corp. has agreed to pay about \$350 million for Rehco specialty chemicals and the Northcliff Thayer unit of Revlon.

When the dust settles, Forstmann Little and Mr. Bergerac will own and run the great bulk of Revlon's booming health care business. Their portion is an enterprise estimated by at least one analyst to be worth as much as \$1.8 billion. Their businesses will include

contact lenses, blood analyzing equipment, pharmaceuticals and a chain of clinical laboratories. These accounted for the vast majority of Revlon's health care sales of \$1.3 billion and operating income of \$198.1 million last year. And health care, in turn, generated two-thirds of Revlon's operating profits and more than half its sales last year.

Under the Forstmann Little arrangement, Mr. Bergerac will be cashing in the shares he owns in Revlon and then making an investment in the new health care company that may ultimately end up being worth considerably more than his present Revlon shares.

Boeing Reports Jet Order

Reuters

SEATTLE — Boeing Co. said Monday that it has received an order from Martinair Holland for one 747-300C jet at an estimated value of \$100 million. The aircraft is scheduled for delivery in March 1987. Boeing said the airliner will be powered by four General Electric Co. CF6-50E2 engines.

The pursuit of Revlon by Pantry Pride increased the pressure on Mr. Bergerac to take some action. And after Philip Morris Cos. reached agreement to buy General Foods Corp. for nearly \$5.8 billion and Procter & Gamble Co. agreed to pay \$1.55 billion for Richardson-Vicks Inc., it became clear that established consumer products companies, such as Revlon, were worth considerably more than what Wall Street analysts only a few weeks ago had estimated.

Nonetheless, the question remains: Is Revlon being broken up at a bargain-basement price? After all, the sold-off divisions will reap about \$1.25 billion in cash that the Forstmann Little team will inherit, so Forstmann Little's net outlay appears to be only \$520 million.

But, Forstmann Little is assuming substantial debt. One reason is that Revlon bought back 10 million shares for \$375 million recently to ward off the hostile takeover bid by Pantry Pride. Thus, with Revlon's net debt — or its total debt minus cash — the price would be about \$1.3 billion.

OIL & MONEY IN THE EIGHTIES.

LONDON, OCTOBER 24-25, 1985.

The sixth annual International Herald Tribune Oil Daily Conference on "Oil and Money in the Eighties" will take place on October 24 and 25 in London.

The theme of this year's conference is "Surviving in a Competitive Environment". The program, designed for all senior executives in energy and related fields, will address the key issues affecting the current energy situation and assess future trends and strategies. Key speakers will include: H.E. Dr. Professor Subroto, Minister of Mines and Energy, Indonesia; The Honorable John S. Herrington, United States Energy Secretary; Allen E. Murray, President, Mobil Corporation; Arve Johnsen, President, Statoil and The Honorable John Moore M.P., Financial Secretary to the Treasury, United Kingdom.

For full details, please contact the International Herald Tribune Conference Office, 181 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France.

Telephone: (33-1) 747-12-65, Ext. 4568. Telex: 613595.

COMPANY NOTES

Ashland Oil Inc. of the United States said it has agreed to acquire J.T. Baker Chemical Co. from Richardson-Vicks Inc., the U.S. health-care company, for undisclosed terms. Talks on the transaction were suspended last year but were renewed in July at Ashland's request.

Banque Paribas, the French state-owned banking group, is holding talks with Quilter Goodson, the London stockbroker, that could lead to Paribas taking control of the firm, Goodson said.

Bertelsmann AG of West Germany, Europe's largest publishing group, said it plans to pay an unchanged 15 percent dividend for the year ending June 30. The company said it increased profit and sales in all areas last year but did not give figures.

Ford Motor Co. of Canada Ltd. will import 30,000 front-wheel drive subcompact cars from the parent company's Taiwanese affiliate, Ford Lio Ho Motors Ltd., by the 1987 model year, according to a report in "Ward's Automotive Reports of the United States."

General Computer Corp. of the United States said it has cut the prices of its Hyperdrive and Hyperdrive-20 internal hard disks for Apple Computer Inc.'s Macintosh personal computer. Hyperdrive now costs \$1,695, \$300 less, and Hyperdrive-20, \$2,195, off \$600.

General Motors Corp. resumed low-interest financing offers on some passenger cars and trucks, one week after the 1986 models officially went on sale.

Lear Corp. of the United States said it tentatively agreed to merge with Telepictures Corp. to form a company called Lorimar-Telepictures. Learner holders will receive

2.2 Telepictures common shares for each Learner share held.

Minnesota Mining & Manufacturing Co. said it and Harris Corp. agreed in principle to form a joint-venture company for worldwide marketing, sales and service of copiers and facsimile machines. The new company will be based in Atlanta with an anticipated sales base of \$400 million.

Mitsubishi Motors Corp. of Japan agreed to replace 5,824 defective trucks sold to China last year and give compensation for losses, according to reports in Beijing, but Mitsubishi said in Tokyo that the two sides were still negotiating.

On India Ltd., the state-owned company, said after-tax profits rose 30 percent to 899.3 million rupees (\$7.3 million) in the year ended March, from 693.1 million rupees a year earlier. The reserves and surplus of the company rose to 2.65 billion rupees, up from 1.8 billion previously.

Santory Ltd. of Japan said it bought Kentwood Spring Water Inc. of New Orleans, Louisiana. In a prepared statement, the company declined to say how much it paid, but industry sources estimated the price at 10 billion yen (\$47.17 million).

Toshiba Corp. of Japan and Bernard Tapie of France have agreed to study the feasibility of setting up a Toshiba factory in France to make microwave ovens and possibly videotape recorders.

Sperry Corp. of the United States said it established a banking center in Hong Kong for marketing to the financial industry in the Asia/Pacific region. The center will provide support for Sperry's banking customers in the region to ensure they are up to date on the technological developments.

Net Asset Value on October 3, 1985

Pacific Selection Fund N.V.
U.S.\$1.47 per U.S.\$1 unit.

Pacific Selection Fund N.V.

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PRICES AT 2:10 PM
A: U.S. DOLLAR CASH \$10.47
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E: FUNDING ASSET \$11.47
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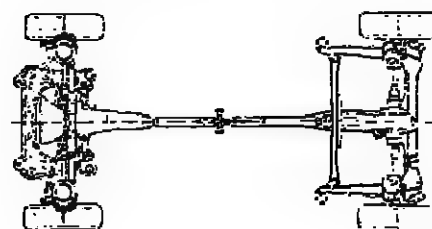
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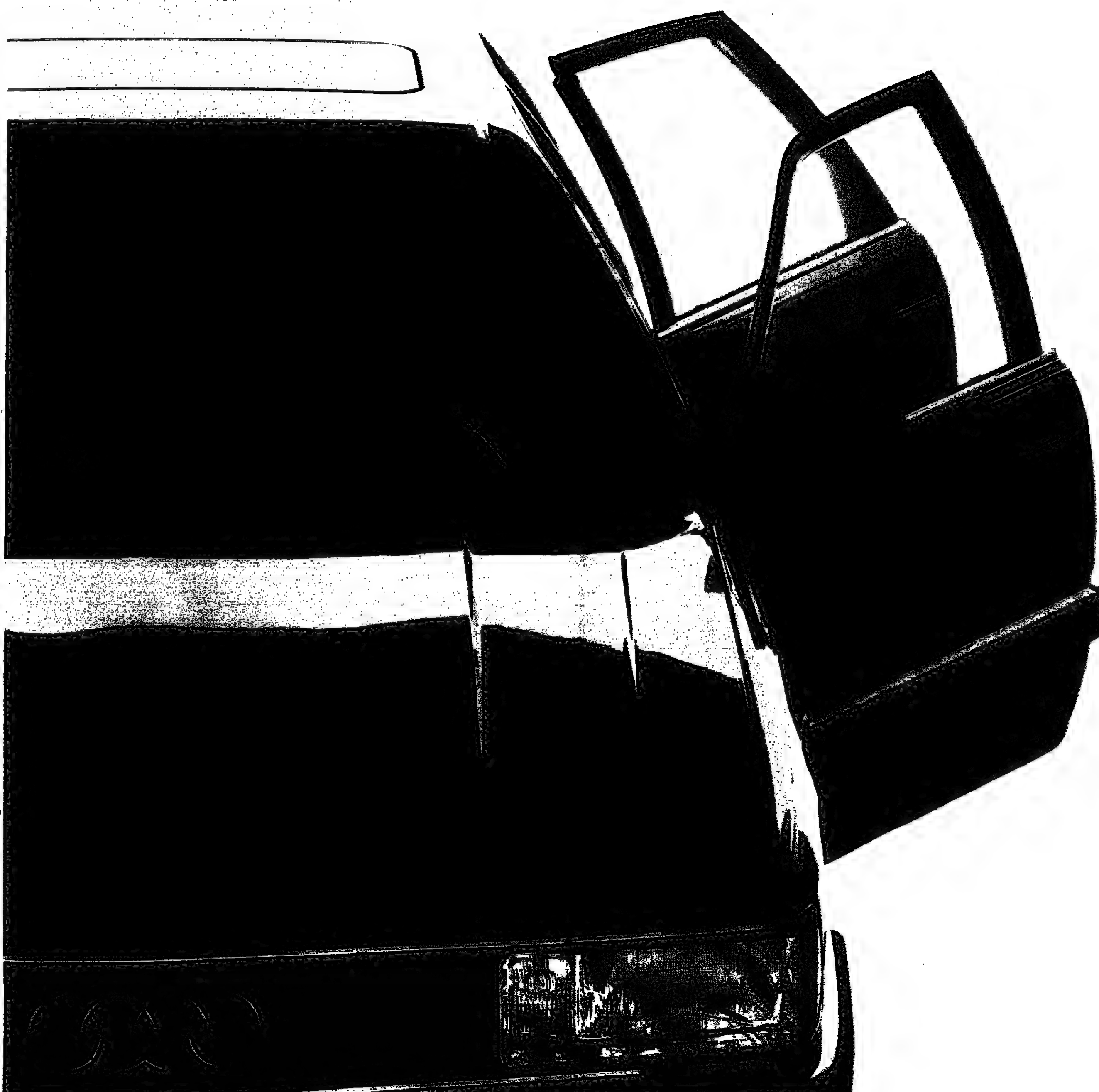


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CURRENCY MARKETS

Dollar Closes Higher in European Trading

LONDON — The dollar closed higher Monday in Europe despite intervention by the central banks of West Germany and Japan. But dealers noted that the small amount of dollars sold by the two banks was sufficient to pull the currency off its midmorning high and keep it lower for the remainder of the session.

In London, the dollar closed at 2.6510 Deutsche marks, down from an opening 2.6510 but up from 2.6350 at Friday's close. Against the yen, it rose to 215.35 compared with an opening 215.40 and Friday's close of 213.20.

The U.S. currency also rose in London to 2.1655 Swiss francs from 2.1587 on Friday and to 8.0650 French francs from 8.0400.

Dealers said the dollar's rise started in the Far East and continued into European trading in the morning as dealers covered short positions. Bundesbank intervention brought it down to 2.6440 DM

at midsession, but it then crept higher again after U.S. markets opened in the afternoon.

"The sales weren't enough to unnerve the markets," one Frankfurt dealer said. "But it was enough for the Bundesbank doesn't want the dollar over 2.66 marks."

Dealers said trade was light and predominantly interbank, with corporate customers largely keeping out of the market.

The British pound, meanwhile, ended slightly firmer. It closed at \$1.4145 against the dollar, almost unchanged from Friday's closing of \$1.4140, but rose to 3.7495 DM from 3.7220 on Friday.

Dealers said that market operators were confused by statements over the weekend from a meeting of the Group of Five industrial countries in Seoul.

Many dealers had expected financial officials of France, Britain, West Germany, Japan and the United States to call for a further

large drop in the dollar in addition to the sharp devaluation that followed a Sept. 22 agreement to meet together to cool protectionist demands in the United States.

But statements coming from the meeting suggested that the five nations are now satisfied with the dollar's value and are fearful of pushing the currency into a free-fall, dealers said.

Dealers said many market operators were uncertain about the dollar's direction in the short-term and where the central banks would begin to intervene on a large scale.

But most said resistance to a drop below 2.60 DM was strong and added that a ceiling of around 2.67 seemed probable.

In earlier trading in Europe, the dollar was fixed at midsession in Frankfurt at 2.6360 DM, up from 2.6080; at 8.058 French francs in Paris, up from 7.952, and at 2.974 Dutch guilders in Amsterdam, up from 2.9385. In Zurich, the dollar closed at 2.1715 Swiss francs, up from 2.1480.

(Reuters, IHT)

Producer Prices Rise 0.3% in U.K.

LONDON — The British index of producer prices rose 0.3 percent in September after a 0.2-percent rise in August, and manufacturers' costs rose 0.2 percent after a 0.7-percent drop, the Trade and Industry Department said Monday.

The prices index was set at a preliminary 140.5 after 140.1 in August, giving a year-to-year increase of 5.5 percent compared with 5.7 percent in August.

The year-to-year rate for manufacturers' costs fell by 1.5 percent after sinking 0.2 percent in the 12 months to August.

U.S., Bonn Plan Talks

(Continued from Page 11)

ments in West Germany in order to comply.

That multinational service industries operating in West Germany have been faced with higher costs and less flexibility in working with the data networks currently available in West Germany than in other major markets.

The officials, who asked not to be identified, said Washington's proposal goes considerably beyond the original request by Mr. Schwarzschild to initiate talks over the general telecommunications trade between the two countries. They added, however, that the United States is not receptive to Bonn's desire to include trade in computers during the talks.

Mr. Schwarzschild, having been warned by Washington that the United States regarded the West German telecommunications market as unjustifiably restrictive, wrote in early August to Commerce Secretary Malcolm Baldrige proposing telecommunications talks in Bonn.

But U.S. officials indicated to Bonn that the agenda proposed by the Post Office Ministry had been too narrowly defined, focusing too heavily on the volume of trade.

Korean Miracle Starts to Fade on Export Curbs

(Continued from Page 11)

its economy. South Korea must learn, however, to live with lower growth. Economists say that that means lessening South Korea's dependence on exports and stimulating the domestic economy.

"Korea is now at a very critical turning point," said Koo Bohm Young, a senior government counselor. "It is moving from a newly industrializing country toward an industrialized state."

In Seoul, skyscrapers and hotels dominate the skyline, but close by are cramped houses. Company limousines speed by men hauling carts. In modern factories, workers in protective suits bend over million-dollar chip-making machines. Not far away stand sweatshops where families work, eat and sleep between shifts.

South Korea used to be an agricultural economy and the population was poor. Between 1962 and 1984, however, South Koreans' per-capita income soared from \$87 to nearly \$2,000. The South Korean gross national product averaged more than 8 percent yearly growth over two decades, increasing from \$3 billion in 1965 to \$81 billion last year. But GNP, a measure of the total value of a nation's goods and services, is slowing to 4 to 6 percent this year. Exports dropped by 4.1 percent in the first half, the Bank of Korea reports.

Other countries in the region, notably Taiwan, boast equally dramatic, page-to-riches stories. But South Korea stands closer to Japan as an industrial power and a potential challenger to the United States and Western Europe — although South Korea's relatively low per-capita income and economic size still place it in the ranks of the developing nations.

Kim Ki-hwan, secretary-general of the International Economic Policy Council, notes that South Korea's \$81-billion economy and population of 41 million are dwarfed by Japan's \$1.2-trillion GNP and 120 million people.

In addition, Seoul's military needs drain a far larger proportion of its economy than Japan's military spending, he says. Exports account for more than a third of South Korean GNP while Japan depends on exports for only 17 percent of GNP, according to government statistics. Japan has a large

current account surplus, while South Korea is still running current account deficits, adding to the burden of paying the foreign debt. The current account is a broad measure that includes trade in merchandise and nonmerchandise trade.

Nevertheless, South Korea has followed the path to industrial might that Japan blazed. Taiwan, Singapore and Hong Kong, the region's other economic powerhouses, have concentrated on textiles, footwear, consumer electronics and financial services. While such light industries still account for the largest share of industrial production in South Korea, the nation has reached beyond these sectors to shipbuilding, steel, construction machinery, high technology, electronics and automobiles.

In 1983, the top 10 companies — most prominent among them Hyundai, Samsung, Daewoo and Lucky-Goldstar — accounted for 64 percent of Korea's GNP and 70 percent of its exports.

But it is to South Korea's workers that the nation owes its prosperity — "our construction workers in the Middle East, our lady factory workers, our blue collar workers," Mr. Ahn said. Lawrence Krause, a senior fellow at the Brookings Institution and a scholar of the South Korean economy, places the role of government planning far below the willingness of South Koreans to work extra hours and to save.

Korea's industrial age began in the early 1960s. The government encouraged exports by offering low-interest loans or outright subsidies, lowering taxes, abolishing import duties for necessary parts, and setting favorable rates of interest and foreign exchange. The administration also borrowed heavily from abroad.

Worried that South Korea would lose its competitive advantage in wages and conscious of the need for a strong defense, economic planners of the mid-1970s aimed at expansion of heavy industries such as shipbuilding, automobiles, steel and chemicals. The South Korean economy responded by growing at a record 14.1-percent rate both in 1973 and 1976. But inflation also rose, and workers demanded higher wages. Government-subsidized loans encouraged companies to

borrow heavily, resulting in continuing weak balance sheets.

In 1979, President Park Chung-hee was assassinated, setting off a prolonged political crisis. Inflation soared and an overvalued currency, the won, hurt export competitiveness. The next year, South Korea's economy contracted for the first time since the Korean War, by 5.2 percent. In response, a new team of government planners depreciated the Korean won, allowed energy prices to rise, tightened the money supply and curbed government spending to reduce inflation from 20 percent a year to 2 percent in about two years. The strategy worked and the economy recovered until the slowdown in exports to the United States posed new problems this year.

The stories of South Korea's modern shipbuilding and automobile industries, created during the boom years, illustrate the strengths and weaknesses of the development policy. Before 1972, South Korean companies built relatively small ships, but government planners aimed higher. The government set specific targets for growth and offered manufacturers subsidized credit and generous tax incentives. Output capacity in the shipbuilding sector surged from 190,000 tons in 1972 to 4,150 deadweight tons in a little less than a decade. Today, three major conglomerates operate shipyards and

South Korea builds 15 percent of new tonnage worldwide.

But the planners did not foresee the worldwide glut in capacity and the subsequent recession in world shipping. Although South Korean yards are still busy with back orders, new orders fell 47 percent in the first half of this year.

The auto industry has fared better. Production rose sevenfold between 1974 and 1979. But capacity expanded too fast, and rising oil prices and world recession jolted the market, halving production of passenger cars in 1980. The government imposed a stringent reorganization plan, assigning each company specific niches.

Passenger-car production is still relatively modest — 48,778 cars in 1984, according to Stephen Leis of the securities firm of Vickers da Costa in Tokyo. But the "Korean car," an inexpensive subcompact, is ready to break into the U.S. market.

The faltering U.S. economy has cut South Korean exports to the United States by 3.9 percent in the first seven months of this year from the like period last year, according to the Ministry of International Trade and Industry. So far in 1985, South Korea has sold \$5 billion worth of goods in the United States. And the won, influenced strongly by the dollar, stayed high and hurt exports in Asia and Europe, Mr. Krause said.

Watching the Puts and Calls

(Continued from Page 11)

First, the premium on the put option contract fell, as it should have when the market strengthened. But Mr. Dillman explained that the dollar's steep decline raised the volatility factor built into the currency option to 18.5 percent from 15 percent.

Had the volatility factor remained at 15 percent, the premium would have declined to 0.74 percent, Mr. Dillman said. Thus, the trader who sold the put for \$23.50 would have been able to buy it back for \$7.40 on Tuesday, and pocketed the \$16.10 difference.

But at the higher volatility level, the premium fell only to 1.34 per-

cent, Mr. Dillman said. Thus, the trader had to pay \$13.40 to buy back the put option, and the profit was reduced to \$10.10.

The point is that the increase in volatility would have had the opposite — and a beneficial — impact on the buyer of a mark call contract, bringing additional gain on top of the windfall from the mark's sudden surge.

"You would have been sitting pretty by selling the put, but not as pretty as you'd bought a call," said John Prout, head of currency options trading at Donaldson, Lufkin & Jenrette. "You have to know why you're picking your strategy."

THE EUROMARKETS

DM Sector Sees 3 New Issues as Prices Ease

By Christopher Pizze

LONDON — New issues in the Deutsche-mark sector of the Euro-bond market were the feature of an otherwise quiet day Monday, with prices in the dollar-strengthened and floating-rate-note sectors ending lower on the back of U.S. credit markets, dealers said.

Three new DM issues had been launched by the end of the trading day, the largest being a 300-million-DM bond for Dow Chemical Co. which pays 6 3/4 basis points over 10 years and was priced at par. The lead manager was Deutsche Bank AG and the issue ended at 1 11/16, compared with the total fees of 2 1/2 basis points.

Jysk Telefon AB tapped the DM sector with a 125-million-DM issue that also pays a coupon of 6 3/4 basis points. The 10-year bond was also priced at par and was quoted at 2 1/4, just inside the fees of 2 1/2 basis points. It was led by Dresdner Bank AG.

Manitoba launched a 200-million-DM bond with a 6 3/4-percent coupon. The 10-year issue was priced at 99 1/4 and ended at a discount of 1 1/4 against the fees of 2 1/2 basis points. Lead manager was Westdeutsche Landesbank Girozentrale.

The next most active sector on the new-issue front was the European currency unit market, dealers noted.

Banque Paribas Capital Markets lead managed a zero-coupon bond with a total redemption value of 120 million ECUs for Philip Morris Credit Corp. The issue was priced at 55.70 basis points to give a yield at the issue price to the 1993 maturity of 8.33. It was quoted at a discount of 1/4 compared with total fees of 1 1/4 basis points.

Late in the day, the European Coal and Steel Community issued an 80-million-ECU bond paying 8 1/2 basis points over 10 years and priced at 99 1/4. The issue was aimed primarily at Italian investors.

The issue has a sinking fund in the last four years that will reduce the average life to 8 1/2 years. The bookrunner was Banca Commerciale Italiana. It was launched too late to trade actively.

The French-franc sector saw the first issue of the current calendar, a 250-million-franc bond for AB Electrolux. The five-year issue pays 11 1/4 basis points over five years and was priced at par. It ended inside the 1 1/4-basis-point selling concession at a discount of 1/4. Lead manager was Banque Nationale de Paris.

Denmark launched a 15-billion-krone straight bond paying 6 3/4 basis points over seven years and priced at 100 1/4. Lead manager was Fuji International Finance Ltd., the issue ended at a discount of 1 1/4 compared with the total fees of 1 1/4.

In the secondary markets, dealers said seasoned dollar-straight issues suffered losses of between 1/4 and 1/2 point on nervous professional selling.

Monday's OTC Prices

NASDAQ prices as of 3 p.m. New York time

Via The Associated Press

12 Month High Low Stock Div. Yld. Sales in 1984 High Low 3 P.M. Chgs.

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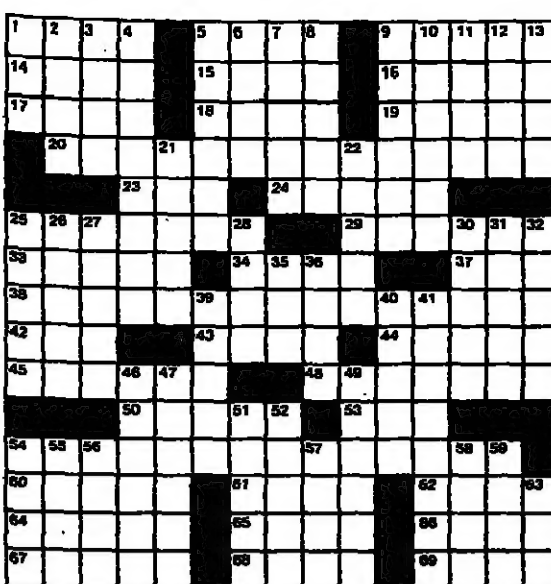
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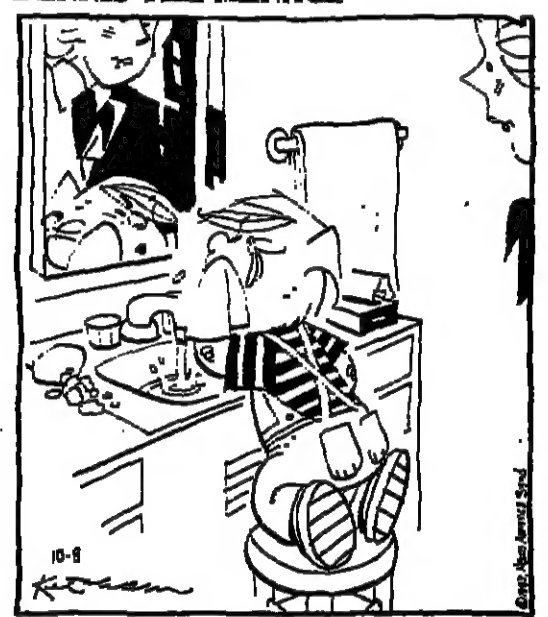
ACROSS

1 Thick slice
5 Caesar's multi
9 Cheer for
14 Senator's
15 Train for a
16 More
17 Oriental nanny
18 Roof edge
19 His Monday is
20 Inform (on)
23 Scale notes
24 Rental
25 Like some
26 Sharp answer
27 Red as
28 Slough stuff
29 China, for one
30 Take control
31 On Wall Street
32 Salinger
33 Salinger
34 Salinger
35 Salinger
36 Salinger
37 Salinger
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DOWN

60 Run off to a
61 N. F. L. rest
62 Partner of
63 Currier
64 Lincoln Center
65 Church area
66 Heredity
67 Gets news of
68 At hand
69 Creator of the
70 Democrats
71 Saratoga is one
72 Tales man
73 Calico, old
74 Indebted (to)
75 Vicious
76 African fly
77 Cook in a way
78 What Rainey
79 Wielded: 1933-
80 "What—
81 fighting for?"
82 R. W. Service
83 Cook in a way
84 Autumn shade
85 Mine entrance
86 Sunset times,
87 in poetry
88 Writer Sarah
89 Jewett
90 Defeat for
91 Goren

DENNIS THE MENACE



MARGARET SNEAKED UP AND KISSED ME... BUT I ERASED IT.

JUMBLE. THAT SCRAMBLED WORD GAME

Unscramble these four jumbles, one letter to each square, to form four ordinary words.



Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: C O O L I T H E

Yesterday's Jumble: KEED WINE INVITE BICIPS

Answer: What kind of game is croquet?—A "WICKET" ONE

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Algeria	17	13	Cairo	24	19
Amsterdam	17	13	Calcutta	24	19
Antwerp	17	13	Colon	24	19
Barcelona	17	13	Hankow	24	19
Berlin	17	13	Harbin	24	19
Bombay	17	13	Hong Kong	24	19
Buenos Aires	17	13	Kobe	24	19
Cardiff	17	13	Manila	24	19
Chengdu	17	13	Medan	24	19
Chongqing	17	13	Osaka	24	19
Cebu	17	13	Shanghai	24	19
Dakar	17	13	Singapore	24	19
Damascus	17	13	Taipei	24	19
Dhaka	17	13	Tokyo	24	19
Durban	17	13	Yokohama	24	19
Edinburgh	17	13			
Geneva	17	13			
Hankow	17	13			
Hong Kong	17	13			
Kobe	17	13			
London	17	13			
Lyons	17	13			
Manila	17	13			
Medan	17	13			
Osaka	17	13			
Shanghai	17	13			
Singapore	17	13			
Taipei	17	13			
Tokyo	17	13			
Yokohama	17	13			

PEANUTS



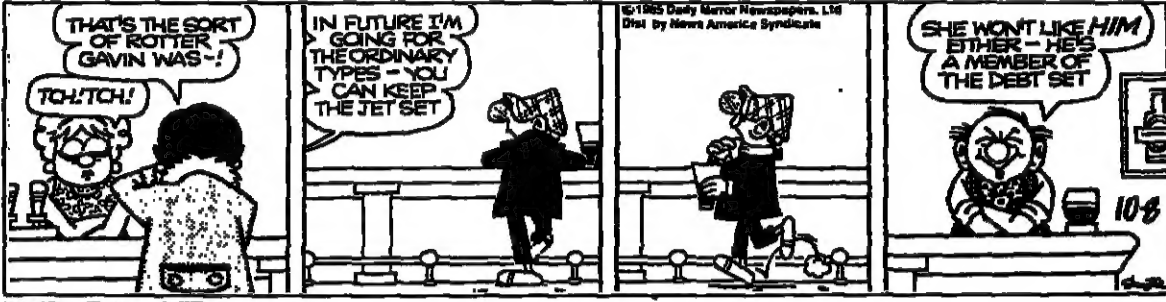
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BEETLE BAILEY



ANDY CAPP



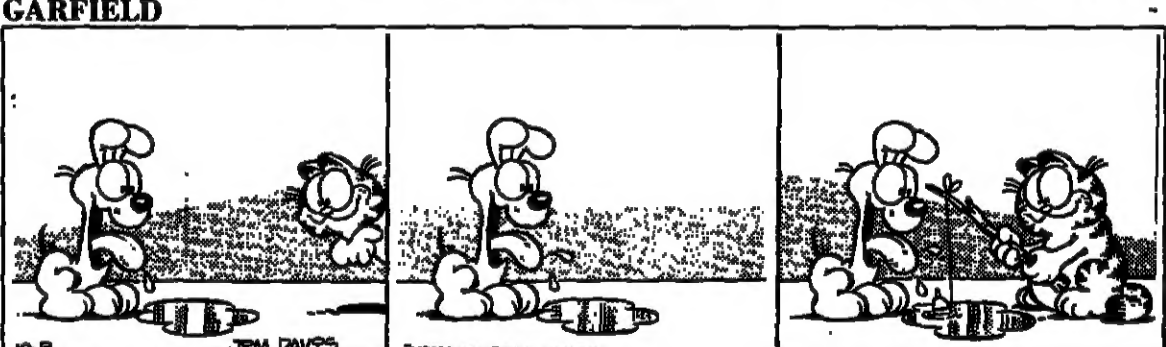
WIZARD OF ID



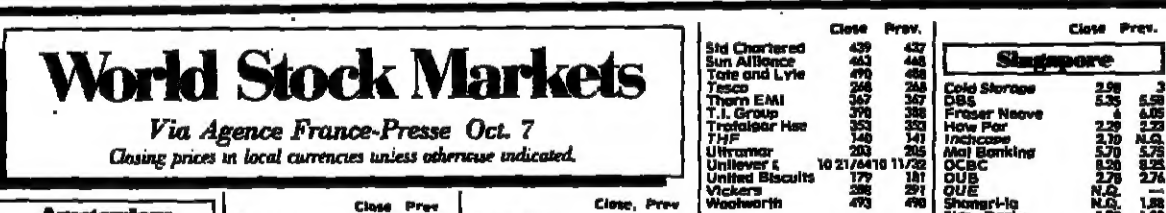
REX MORGAN



GARFIELD



JUMBLE



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World Stock Markets

Via Agence France-Presse Oct. 7

Closing prices in local currencies unless otherwise indicated.

Amsterdam	Close	Prev.	London	Close	Prev.
ABN	48.50	49.00	Alfred Holt	21.00	21.00
ABN	48.50	49.00	Alfred Holt	21.00	21.00
ABN	48.50	49.00	Alfred Holt	21.00	21.00
ABN	48.50	49.00	Alfred Holt	21.00	21.00
ABN	48.50	49.00	Alfred Holt	21.00	21.00
ABN	48.50	49.00	Alfred Holt	21.00	21.00
ABN	48.50	49.00	Alfred Holt	21.00	21.00
ABN	48.50	49.00	Alfred Holt	21.00	21.00
ABN	48.50	49.00	Alfred Holt	21.00	21.00
ABN	48.50	49.00	Alfred Holt	21.00	21.00

BOOKS

MOONSHINE

A Life in Pursuit of White Liqueur

By Alec Wilkinson. 153 pages. \$13.95.
Alfred A. Knopf, 201 East 40th Street, New York, N. Y. 10022.

By Carl Sessions Stepp

THE SOUTH is full of characters, and the writer Alec Wilkinson has laid hold of an epic one in a reviewer's hands. Bunting, an alcohol control officer in Halifax County, North Carolina, is a backwoods personality worthy of Flannery O'Connor, an unlikely looking lawman bouncing around in a beat-up pickup with his coon dogs and hunting pale until, at the perfect moment, he carefully snags his prey and turns another lawbreaker into sucker bait.

In this slender volume Wilkinson sketches Bunting and his work, and through his skills as a listener and observer, he offers an engaging glimpse of a rural Southern culture that is too often merely parodied or burlesqued.

Round and bawling, with "a punch like a feedbag," Bunting is a nonstop talk-show host, a voluble, wily and compulsive horse trader, a maverick free spirit who shuns doctors and once cured himself of Rocky Mountain spotted fever with medicine he kept for his dogs. He may be, to boot, "the most successful revenue agent in the history of a state that has always been enormously productive of moonshine."

What he is up to mostly is canny conversation. "Carland almost never stops talking," Bunting remarks with what Wilkinson describes as "a random stream of nonsensical, scurrilous, imaginative, bluster, and occasionally poetic patter he calls 'trash.'"

Boozers unaware of who he is often like to have him around their outposts as a source of entertainment because it stimulates sales. In the wrong hands, Bunting might appear a stereotypical "Dukes of Hazzard" yokel. But Wilkinson, a writer for The New Yorker, is no cheap literary carpe diem. He minds his manners, throws himself into the action (getting an awful case of chigger bites while stalking out a still), and delivers a profile that is colorful, respectful and warm.

His overview of the illegal whiskey business strikes me as this, but he suggests that it is thriving. Policing liquor means tracking down the stills and making buys from the sellers, enterprises that are always risky. "These folks are suspicious, and they'll kill you," Bunting says. "They'll shoot the grease right out of a biscuit and never even break the crust."

Moonshiners commonly get a pretty good press—nagged nonconformists that they are and sometimes even to be dismissed as strait-laced kill-joys. But Bunting, whose sleepy down-home facade masks the instincts and brains of a top detective, more than holds his own in the local-color department.

Whether at the supper table, along on a coon hunt or in the living room while Bunting's wife Colleen plays gospel music, Wilkinson is a careful listener and observer, a pleasure to accompany on this brief storytelling trip into Dixie.

The reviewer, a former reporter and editor for The Charlotte Observer, teaches journalism at the University of Maryland. He wrote this review for The Washington Post.

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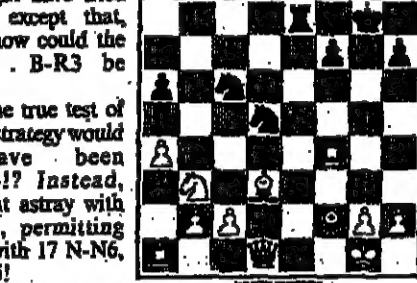
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CHESS

By Robert Byrne



Position after 29... Nxf3

QxR: 30 QxR (30 RxB, Q-KxR); 31 P-K3, which gives Black some chance to put up a fight in the end game.

Instead, his 28... R-K5; 29 B-B2, BxR (29... B-K2 does not work after 30 R-B3, Q-Q7; 31 Q-Q5); 30 QxR preserved the character of a middle game in which the white minor pieces would be deadly in attack.

The end came suddenly—RS! he should have resorted to after 33 B-Q4, the threat of 34 21... P-B4, although 22 Q-N7mate could be stopped RxB, N-B3; 23 Q-Q1, but then White kept a solid, positional advantage.

Christiansen's aggressive alternative was 21... N-B3; 22 RxB, N-P3; 23 Q-B3, N-K4; 24 Q-B4, Q-B2, but Peters gave his attacked rook all the protection it needed with 25 B-R4.

After 28 QxP, Christiansen was finally in position to recover some material, but he should have accomplished this by 14... P-Q4; 15 P-K5, but his 14... P-K4 was more aggressive. He might have tried 14... P-Q4, except that, after 15 Q-K2, how could the consequent... B-R3 be achieved?

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Now, 18... Q-N2 would have allowed 19 Nxf3, BxN; 20 RxB, P-R; 21 B-R6, but despite the forced recovery of the exchange with the superior pawn formation for White, Black's minor pieces will become active and offer considerable compensation. Perhaps this should have been Christiansen's choice.

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SPORTS

Niekro Wins 300th By Throwing Jays A Final-Day Curve

Compiled by Our Staff From Dispatches

TORONTO — Having failed four times to reach the elite 300-victory level, Phil Niekro decided to pursue his goal differently in his final attempt of the season here Sunday. In an astounding switch in

BASEBALL ROUNDUP

strategy and style, the 46-year-old New York Yankee right-hander pitched virtually the entire game without using his knuckleball, the pitch for which he is famous.

The play worked and Niekro became the 18th player in baseball history to win 300 games as the Yankees defeated the Toronto Blue Jays, 9-0. Niekro was the second pitcher this season to reach the plateau; Tom Seaver of the Chicago White Sox gained his 300th victory against the Yankees Aug. 4.

In giving up only four hits to the Blue Jays, who had clinched their first division championship Saturday, Niekro also became the oldest pitcher to pitch a shutout. Satchel Paige, who never revealed his true age, pitched one in 1952 when he was said to be 46 years and 73 days old. Niekro registered his shutout at the age of 46 years and 188 days.

With five strikeouts, Niekro also passed Ferguson Jenkins to take over seventh place on the all-time list with 3,197.

But the day's most remarkable feat was the way Niekro won. Ever since he began pitching in the major leagues in 1964, Niekro has primarily used the knuckleball, a pitch thrown by holding the ball with the fingertips on the seams. The ball doesn't rotate — it dips and darts. On Sunday, he threw sinking fastballs, curveballs, screwballs and "blooper" pitches — not one knuckleball until after Tony Fernandez doubled with two out in the ninth inning.

"I always wanted to pitch a whole game without throwing knuckleballs because people thought I couldn't get people out without throwing them," Niekro said after the game. "Today I said, 'Let's go out in the first inning and see if I can get them out without throwing a knuckleball.' I did, so I didn't throw any in the second inning, and then I went from there."

Niekro finally threw three knuckleballs to Jeff Burroughs,

striking him out with the third one for the game's final out.

"I decided if I was going to win the 300th," Niekro explained, "I should finish it with a knuckleball. I figured there was no other way to finish the game than using the pitch that got me there."

Niekro, who has lost 250 times in his 22-year career with the Braves of Milwaukee and Atlanta and the Yankees, used another change of routine in a quest that had been stalled by three losses and a no-decision in his previous four starts. He rubbed down the arms of the Yankee trainers, Gene Monahan and Mark Letendre.

"They rubbed my arm the past five games and that didn't work so we went the other way," explained Niekro, who was released by the Braves in 1983 after 20 years with the club and signed by the Yankees as a free agent. "I asked them after the game if their arms were bothering them, and they said no."

Niekro's arm held up just fine. Working against a lineup filled with reserves, who played while the regular players rested for the start of the American League championship series Tuesday night, Niekro gave up only one hit in the first six innings, Cecil Fielder's two-out single in the fourth.

Asked if he felt his achievement was tainted by the lineup Toronto used, he said: "They had some guys who could hit the ball out of the ballpark. They were trying. They were taking some good, healthy swings."

A's 9, Royals 3: In Kansas City, Missouri, the Royals (having clinched the American League West title the day before) rested all their regulars and were managed by third baseman George Brett. Oakland started Alfredo Griffin at shortstop, giving him an appearance in all 162 games this season; Mike Gallego pinch hit for him in the second and went on to lead the winners' attack with two doubles and a single.

Angels 6, Rangers 5: In Arlington, Texas, Mike Witt struck out 13 batters over seven innings as California, which was eliminated Saturday, reduced its final margin behind Kansas City to one game.

Brewers 9, Red Sox 6: In Boston, Wade Boggs of the Red Sox had a double and two singles to finish with a major-league-best 368 hit-



46-year-old Phil Niekro, working on victory No. 300.

ting average. Boggs had 240 hits this season, the highest total since Babe Herman had 241 for the 1930 Brooklyn Dodgers.

Tigers 11, Orioles 3: In Baltimore, Detroit drubbed the Orioles, but the losers' runs came on home runs (by Floyd Rayford and Cal Ripken), giving them a major league-high of 214 for the year.

White Sox 3, Mariners 2: In Chicago, Ed Correa, 19, won his first major-league start by allowing four hits, walking six and striking out six in his five innings' work.

Twins 4, Indians 2: In Minneapolis, Mike Smithson equaled his career-high by winning his 15th game of the year, Cleveland, winding up 60-102, tied a club record for losses set in 1914 and matched in 1971.

Reds 6, Dodgers 5: In Los Angeles, Cincinnati beat the Dodgers on three homers, one of them No. 377 lifetime Tony Perez, tying him with Norm Cash for 26th place on the all-time list.

Cubs 8, Cardinals 2: In the National League, in St. Louis, 43,665 turned out for the Eastern Division

champions' regular-season finale, bringing home attendance to a record 2,662,875 for the year.

Expos 2, Mets 1: In New York, Hubie Brooks led Montreal by driving in the 100th run of the year. Brooks is the 100th player since Chicago's Ernie Banks had 117 in 1960.

Braves 6, Giants 7: In San Francisco, pinch hitter Claudell Washington's RBI single in the seventh inning capped a 7-7 tie and handed the Giants their 10th loss of the year (San Francisco had been the only pre-expansion team never to lose 100 games).

Astros 6, Padres 4: In San Diego, José Cruz and Alan Ashby pitched to help Houston tie the Padres for third place in the Western Division.

Phillies 5, Pirates 6: In Philadelphia, Kevin Gross pitched a four-hitter and John Russell hit a three-run homer to beat Pittsburgh, which finished with baseball's worst record — 57-104. (NYT, AP)

Prost Finally Gets by All the Roadblocks

Compiled by Our Staff From Dispatches

BRANDS HATCH, England — Alain Prost's quest for the Formula One drivers' championship, the first ever to go to a Frenchman, was none too easy.

Prost, then with Renault, lost the 1983 title in the season's final race, in South Africa, by two points to Brazilian Nelson Piquet. Last year, the gap was only half a point between Prost and McLaren-TAG-Porsche teammate Niki Lauda, the Austrian who won his third championship.

Although he again missed the title, Prost won more races than Lauda and was relaxed in defeat, confident of his talent.

"It would be fantastic anyway if I could be in the running for the title every year," he said before assuring himself of the 1985 crown with a fourth-place in Sunday's European Grand Prix.

This year Prost has won five more races (and was disqualified from a sixth because his car was underweight by two kilograms); he has registered two seconds, three thirds and a fourth and has failed to earn points in only 3 of the 14 races.

His 21 triumphs in 57 career grand prix races mark a success rate far ahead of all other current Formula One drivers. He is fifth on the all-time victory list behind Jackie Stewart (who holds the record, 27), Jim Clark, Lauda and Juan Manuel Fangio.

After capturing the crown Sunday, Prost said he'd like to win back-to-back Formula One titles — something never accomplished since the competition was inaugurated in 1950 — "and why not the Indianapolis 500?"

Prost, 30, began his racing career in 1972 on the kart circuits. He became the French and European champion before making an instant impact in the 1976 Formula Renault Challenge, winning 12 of the first 13 races he entered.

In the next two years, he won the French Renault Europe and Formula Three categories, and was European F3 titleist in 1979.

The breakthrough into grand prix racing came in 1980, with McLaren, and Prost scored a fifth and two sixth places in that first season. He broke his contract after a year to join Renault, partnering Frenchman René Arnoux. Prost scored his first grand prix victory in France, and won again in the Netherlands and Italy.

He started strongly in 1982, winning the two opening races, but a streak of bad luck (including a turbo flameout four laps from victory in Austria) cost him the title. At the start of 1983, Gerard Larrousse, Renault's competition chief, described Prost as a driver with "rare qualities, by nature courageous, daring, skilful and resourceful."

But by the end of 1983, Larrousse fired him for another quality — frankness. "In midseason," Prost recalls, "I told the team we had to make progress with the engine or we would be outperformed by the Brabham's BMW. And we were." Many of his ideas were adopted by Renault — after he left.

He returned to McLaren, a team completely changed from the one he knew in 1980, and figured it would "take two years to win the championship."

The world title is a personal triumph for Prost. "People don't give me credit for what I have done — they see only that I have failed to win the championship," he had said before Sunday's race. "If I win the championship, they will have to accept what I have done. Perhaps then I will get the recognition I think I deserve."

Afterward, he seemed indifferent to being the first Frenchman ever to win. "It is very important for the French, but I do not care too much if I am a Frenchman, since I'm not too nationalistic," he said. "I am on a British team. I am champion of the world and belong to the world. What is important is that I win." (UPI, AP)



Alain Prost: 'And why not the Indianapolis 500?'

Vikings Gamble, Lose; Rams Hold, Win

Compiled by Our Staff From Dispatches

ANAHEIM, California — It was a low-risk gamble, but the Minnesota Vikings lost it.

Spurring the almost automatic field goal that would have

NFL ROUNDUP

sent the game into overtime, Coach Bud Grant opted for Dan Nelson to drive over the middle from the Los Angeles 1-yard line with one second remaining. The Rams stopped Nelson cold, preserving a

13-10 victory Sunday and running their National Football League record to 5-0.

"It was a high-percentage call," Grant said. "We had a chance to win the game on one play. I'd do the same thing again."

Said Nelson, his first on the play by linebacker Jim Collins: "If you have a chance to win, you go for it. It was a back dive, and I didn't make it."

The Rams had scored on a 2-yard third-period run by Nelson and a first-half field goal of 43 and 33 yards by Mike Landon before Minnesota launched a comeback.

The Vikings actually had two tries at the game-winning TD from a yard away. With seven seconds left, quarterback Tommy Kramer threw an incomplete pass, but Gary Green was called for interference, giving Minnesota one more shot.

A 16-yard yard run by Nelson on third-and-two had moved the ball to the Ram 1 and created the dilemma for Grant, who probably would have turned to Jan Stenerud for a field goal had the ball not been so close to the end zone.

The defense, the biggest factor in the Rams' unbeaten season so far, limited the Vikings to a 1-yard touchdown run by Ted Brown and a 24-yard field goal by Stenerud.

Raiders 19, Chiefs 10: In Los Angeles, quarterback Marc Wilson, named to start just before the game and playing despite a sprained ankle, passed for 241 yards and one touchdown and Chris Bahr kicked four field goals as the Raiders avenged an early-season loss to Kansas City.

Seahawks 26, Chargers 21: In Seattle, Curt Warner ran for two TDs and Norm Johnson kicked two field goals to pace the Seahawks. Seattle's opportunistic defense intercepted Mark Herrmann three times and recovered a Hermann fumble (starting in place of the injured Dan Fouts, Herrmann passed for three touchdowns).

Running back Gary Anderson, a San Diego first-round draft choice in 1983, made his NFL debut after playing three seasons in the United States Football League. He gained 15 yards on eight carries.

Jets 29, Bengals 20: In Cincinnati, New York won its fourth straight with the help of some controversial officiating. Jet quarterback Ken O'Brien was short on a bomb for Wesley Walker, and Louis Breeden intercepted at the Bengal 6-yard line. Breeden continued into the end zone, where Walker tackled him for what was ruled a safety. Cincinnati argued that Breeden's momentum had carried into what should have been called a touchdown.

Broncos 31, Oilers 20: In Denver, John Elway passed for 256 yards and three touchdowns (including a 41-yarder to Steve Watson on a flea-flicker) to help down Houston. The Oilers were penalized 188 yards on a total of 15 penalties; eleven Houston infractions produced Denver first downs — an NFL record. (AP, UPI)

SCOREBOARD

Transition

BASEBALL

CINCINNATI—Retired Billy DeMars, third-base coach, Tommy Hanks, first-base coach, Bruce Kimm, bullpen coach, and George Scherzer, coach, for the 1986 season.

BASKETBALL

National Basketball Association: Seattle—Reassigned coach, Jim Lynam, head coach, and Dave Wenzel, assistant coach, for the 1986 season.

FOOTBALL

National Football League: Miami—Activated Don Johnson, tight end, and released Mike Smith, defensive back, and Mike Smith, defensive back, for the 1986 season.

HOCKEY

HARTFORD—Acquired Tim Bernier, defenseman, from St. Louis for future considerations.

N.Y. JETS—Activated Wesley Walker, linebacker, on injured reserve.

PHILADELPHIA—Placed Jan Kimmel, linebacker, on injured reserve.

PITTSBURGH—Activated John Goodman, defensive lineman, and Randy Rozumek, defensive lineman.

S.A.M. DIFCO—Activated Gary Anderson, running back, and released Mike Smith, defensive back, and Mike Smith, defensive back, for the 1986 season.

PITTSBURGH—Activated Pat Hume, right wing, from Edmonton for future considerations.

PITTSBURGH—Activated Mike Miller, defenseman, and Randy Cameron, forward, from Buffalo for future considerations.

PITTSBURGH—Activated Steve Galt, right wing, and Mike Miller, defenseman, to Baltimore of the American Hockey League.

Soccer

WORLD CUP QUALIFYING

Algeria 2, Algeria 0

Morocco 3, Libya 0

SPANISH FIRST DIVISION

Barcelona 6, Sevilla 0

Valencia 1, Osasuna 0

Celta 1, Zamora 2

Osaka 2, Santander 0

Rael Sociedad 1, Espanol 0

Real Madrid 3, Atletico Madrid 1

Real Sociedad 1, Espanol 0

Real Madrid 3, Atletico Madrid 1

Real Sociedad 1, Espanol 0

Real Madrid 3, Atletico Madrid 1

Real Sociedad 1, Espanol 0

Real Madrid 3, Atletico Madrid 1

Real Sociedad 1, Espanol 0

Real Madrid 3, Atletico Madrid 1

Real Sociedad 1, Espanol 0

Real Madrid 3, Atletico Madrid 1

Real Sociedad 1, Espanol 0

Real Madrid 3, Atletico Madrid 1

Real Sociedad 1, Espanol 0

Real Madrid 3, Atletico Madrid 1

Real Sociedad 1, Espanol 0

Tennis

Davis Cup

WIMBLEDON—(World Cup)

WIMBLEDON—(World Cup)

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Baseball

Final 1985 Major League Leaders

NATIONAL LEAGUE

W L Pct. G AB R H Pct.

McGee, S.L. 157 412 114 214 253

Guerrero, L.A. 137 487 119 220

Robles, M. 130 475 118 221

Gwynn, S.D. 154 462 107 217

Parlier, C. 148 468 118 212

Herr, S.L. 138 465 118 209

Worland, C. 141 462 118 207

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